

**FORM 2A**  
**LISTING STATEMENT**

**RAFFLES FINANCIAL GROUP LIMITED**

**(the “Company”)**

**April 30, 2020**

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## GLOSSARY OF TERMS

The following is a glossary of certain definitions used herein.

Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

**“Arrangement Agreement”** means the Arrangement Agreement between Explorex and Spinco dated January 28, 2020.

**“BCA”** means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder.

**“Board”** or **“Board of Directors”** means the board of directors of Raffles.

**“Companies Act”** means *Companies Law (as revised) of the Cayman Islands*.

**“Continuation”** means the continuation of corporate jurisdiction from British Columbia to Cayman Islands which took place on April 29, 2020.

**“Consolidation”** means the consolidation of Explorex’s common shares which took place on April 28, 2020 the basis of approximately 25.94658 old shares for each one new share, which resulted in 1,050,000 post-Consolidation shares issued and outstanding immediately before the closing of the Transaction.

**“CSE”** or **“Exchange”** means the Canadian Securities Exchange.

**“Explorex”** means Explorex Resources Inc., before completion of the Consolidation, Continuation and Transaction.

**“Financing”** means the private placement of Shares completed by Raffles on April 29, 2020 for gross proceeds of \$20,000,000 in conjunction with the Transaction. 4,000,000 Shares were issued by Raffles at a price of \$5.00 per Share.

**“Fundamental Change”** means a “fundamental change” as defined in Policy 8 of the Exchange, of which the Transaction was a fundamental change for Raffles.

**“MD&A”** means Management's Discussion and Analysis.

**“Person”** means an individual, company, corporation, body corporate, partnership, joint venture, society, association, trust or unincorporated organization, or any trustee, executor, administrator, or other legal representative.

**“POA”** means the plan of arrangement transaction with Explorex and Spinco under the provisions of Section 288 of the BCA, wherein Explorex spun out its exploration assets and liabilities to Spinco, as more particularly set out in the POA and related arrangement agreement between Explorex and Spinco, which took place effective April 28, 2020.

**“Raffles”** means “Raffles Financial Group Limited”, which was previously “Explorex Resources Inc.” prior to the completion of the POA and Transaction.

**“RFP”** means Raffles Financial Private Limited, a wholly owned subsidiary of Raffles.



**“Securities Laws”** means the applicable securities laws, regulations and rules, and the blanket rulings and policies and written interpretations of, and multilateral or national instruments applicable.

**“SEDAR”** means the System for Electronic Document Analysis and Retrieval developed by the Canadian Securities Administrators.

**“Share Exchange Agreement”** means the Share Exchange Agreement dated December 20, 2019, as amended, among Explorex, RFP and the shareholders of RFP.

**“Shares”** means the shares of Raffles, which are listed and posted for trading on the Exchange.

**“Spinco”** means Origen Resources Inc.

**“Transaction”** means the acquisition of the ordinary shares of RFP by Raffles (formerly Explorex), which constituted a “Fundamental Change” under the policies of the Exchange.

## **CURRENCY AND EXCHANGE RATES**

Unless otherwise indicated herein, references to “\$”, “Cdn\$” or “Canadian dollars” are to Canadian dollars, references to “S\$” are to Singapore dollars, and references to “US\$” or “U.S. dollars” are to United States dollars. On April 28, 2020, one Canadian dollar expressed in Singapore dollars was S\$1.0136 and one Canadian dollar expressed in US dollars was US\$0.7154.

## **1. INTRODUCTION**

### **Forward-Looking Statements**

This document contains information and projections based on current expectations. Certain statements herein may constitute “forward-looking” statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Raffles, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used herein, such statements use such words as “will”, “may”, “could”, “intends”, “potential”, “plans”, “believes”, “expects”, “projects”, “estimates”, “anticipates”, “continue”, “potential”, “predicts” or “should” and other similar terminology. These statements reflect expectations regarding future events and performance but speak only as of the date hereof. Forward-looking statements include, among others, statements with respect to planned acquisitions, strategic partnerships or other transactions not yet concluded; plans to market, sell and distribute products; market competition; plans to retain and recruit personnel; the ability to secure funding; and the ability to obtain regulatory and other approvals are all forward-looking information. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements.

There can be no assurance that any intended or proposed activity or transaction will occur or that, if any such action or transaction is undertaken, it will be completed on terms currently intended by Raffles. Raffles assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law.

Although Raffles believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-

looking statements because Raffles can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The forward-looking statements herein speak only as of the date hereof. Actual results could differ materially from those anticipated due to a number of factors and risks including those described under “Risk Factors” in section 17 hereof.

## **2. CORPORATE STRUCTURE**

### **2.1 Corporate Name and Office**

The full corporate name of Raffles is “Raffles Financial Group Limited”.

The registered office of Raffles is at the offices of CO Services Cayman Limited, PO Box 10008 Willow House, Cricket Square, Grand Cayman, KY1-1001. The head office of Raffles is 3 Shenton Way, #11 – 1H Shenton House, Singapore 06880.

### **2.2 Jurisdiction of Incorporation**

Explorex was incorporated pursuant to the *Business Corporations Act* (British Columbia) (“BCA”) on January 6, 2011 under the name “Explorex Capital Ltd.” On June 11, 2012, Explorex changed its name to “Explorex Resources Inc.” On April 28, 2020, Explorex changed its name to “Raffles Financial Group Limited”.

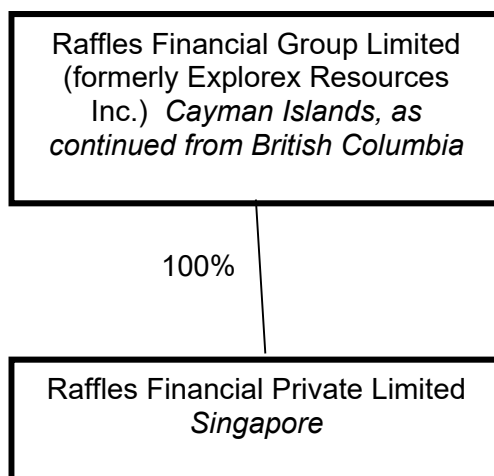
Raffles previously completed the POA, Consolidation and Continuation, and owns all of the issued and outstanding shares of RFP, a financial services company incorporated on July 5, 2018 pursuant to *The Companies Act (Chapter 50)* of Singapore.

Raffles is governed by the corporate law of Cayman Islands under the *Companies Law (as revised) of the Cayman Islands* and is a reporting issuer in the Provinces of British Columbia, Alberta, Ontario, and the territory of Yukon. The business and operations of RFP is managed and operated as a wholly-owned subsidiary of Raffles.

### **2.3 Intercorporate Relationships**

#### **Corporate Structure of Raffles:**

The following chart shows the inter-corporate relationship between Raffles and RFP:



## **2.4 Incorporation outside Canada**

Raffles is governed by the corporate law of the Cayman Islands.

On April 29, 2020, Raffles continued under the Companies Law and it is now subject to Memorandum and Articles of Association. Although the rights and privileges of shareholders under the BCA are in many instances comparable to those under the Companies Law, there are several differences.

### **Duties of Directors and Officers**

Under the BCA, in exercising their powers and discharging their duties, directors and officers must act honestly and in good faith, with a view to the best interests of the corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. No provision in the corporation's notice of articles, articles, resolutions or contracts can relieve a director or officer of these duties.

As a matter of the Companies Act, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company. Fiduciary obligations and duties of directors under the Companies Act are substantially the same as under the BCA. Under the Companies Act, directors owe the following fiduciary duties: (i) duty to act in good faith in what the director believes to be in the best interests of the company as a whole; (ii) duty to exercise powers for the purposes for which those powers were conferred and not for a collateral purpose; (iii) directors should not properly fetter the exercise of future discretion; (iv) duty to exercise powers fairly as between different sections of members; (v) duty not to put themselves in a position in which there is a conflict between their duty to the company and their personal interests; and (vi) duty to exercise independent judgment.

In addition, under the Companies Act, directors also owe a duty of care which is not fiduciary in nature. This duty has been defined as a requirement to act as a reasonably diligent person having both the general knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company and the general knowledge skill and experience which that director has.

As set out above, directors have a duty not to put themselves in a position of conflict and this includes a duty not to engage in self-dealing, or to otherwise benefit as a result of their position. However, the Memorandum and Articles of Association modify that position by providing that, so long as the nature and extent of any director's personal interest in a matter, transaction or arrangement is declared to the other directors, the interested director may (inter alia) participate in, vote on and be counted in the quorum at any meeting of the directors that considers matters relating to that interest.

### **Enforcement of Judgments Against Foreign Persons**

The following persons reside outside of Canada or, in the case of companies, are incorporated, continued or otherwise organized under the laws of a foreign jurisdiction and each has appointed Pacific Blue Holdings Ltd. at Suite 1100-1111 Melville Street, Vancouver BC V6E 3V6 as agent for service of process in Canada:

1. Raffles Financial Group Limited;
2. Raffles Financial Private Limited;
3. Dr. Charlie In; and
4. Dr. Victor Liu.

Readers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, or resides outside of Canada, even if the party has appointed an agent for service of process. Please see the disclosure under the subheading “*Limited Ability to Enforce Civil Remedies*” under the heading “*Risk Factors*”.

### **3. GENERAL DEVELOPMENT OF RAFFLES’ BUSINESS**

#### **Background to Listing**

Explorex held an annual general and special meeting of its shareholders on March 9, 2020 to approve various matters, related to its plan of arrangement with Spingo (the “POA”), and its acquisition of all of the outstanding shares of Raffles Financial Private Limited (“RFP”), which is a “fundamental change” for Explorex, under the policies of the CSE. Explorex received shareholder approval for all matters submitted to its shareholders, as set out in its information circular dated February 7, 2020, and as announced by Explorex in its news release of March 11, 2020, following the shareholder meeting.

Explorex obtained a fairness opinion and related valuation report from RWE Growth Partners, Inc. dated February 10, 2020 in connection with the POA and the acquisition of all of the outstanding shares of RFP. RWE Growth Partners, Inc. is independent of Explorex and RFP. The purpose of the fairness opinion and related valuation report was to determine whether Explorex’s POA with Spingo was fair from a financial point of view to the shareholders of Explorex and to provide a valuation of the business of RFP. The fairness opinion portion of the report concluded that the POA was fair from a financial point of view, and the valuation portion of the report included a valuation range for the business of RFP, using the valuation methods set out in the report. The valuation range for the business of RFP set out in the valuation report is consistent with the consideration paid for the purchase of RFP under the Share Exchange Agreement.

The POA resulted in Explorex spinning out its exploration assets and \$500,000 in cash to Spingo in accordance with the terms and conditions of the POA. Following the POA and the spin out of its exploration assets and cash to Spingo, Explorex completed various transactions in a sequence, to facilitate the acquisition of RFP.

The various transactions, all of which were described in the Explorex information circular were completed in the following sequence:

1. Explorex completed the POA with Spingo, and transferred its exploration assets and \$500,000 cash to Spingo, in accordance with the terms and conditions of the POA. All Explorex shareholders retained their Explorex shares and received one share of Spingo for every two Explorex shares held – an aggregate of 13,621,958 Spingo shares were issued. Holders of outstanding stock options in Explorex agreed to cancel their stock options before the POA; holders of outstanding Explorex warrants received replacement warrants in Spingo. Spingo became a new reporting issuer upon completion of the POA and applied for listing of its common shares on the CSE.
2. Explorex then completed a name change to “Raffles Financial Group Limited” and share consolidation such that all outstanding 27,243,919 Explorex common shares were consolidated into 1,050,000 Explorex common shares (a consolidation ratio of approximately 25.94:1).

3. Raffles Financial Group Limited (“Raffles”) (formerly named Explorex), continued its corporate jurisdiction from British Columbia to the Cayman Islands.
4. Raffles acquired all of the outstanding shares of RFP, in exchange for the issuance of 45,000,000 Shares, and the RFP business became the business of Raffles. Raffles issued 30,000 Shares to an arm’s length party as a finder’s fee in connection with the Share Exchange Agreement. Raffles applied for listing of its Shares on the CSE, as a listing resulting from the “fundamental change” for Explorex. The acquisition of RFP was a reverse take-over for Raffles. Raffles will change its financial year end to RFP’s financial year end of June 30 as a result of the reverse take-over.

### **Business of Raffles**

RFP was incorporated on July 5, 2018, under the name “3R Strategic Holdings Private Limited” pursuant to *The Companies Act (Chapter 50)* of Singapore. RFP changed its name to “Raffles Financial Private Limited” on March 21, 2019.

As Raffles operates the business of RFP, RFP’s business history is described under this section.

Since incorporation, RFP has had revenues of S\$17,000,006.

Except where context requires otherwise, references to “Raffles” include “RFP”.

Raffles management and team work closely with public and private companies, governments and financial sponsors to originate, structure and execute equity and equity-linked financings such as initial public offerings, follow-on offerings, convertibles and derivatives. Raffles also provides guidance on capital structure across debt, hybrid, derivative and equity-linked products for organizations. The revenue of Raffles is derived mainly from two major service segments, namely, (1) financial advisory services and (2) licencing services, described below as Raffles’ Service Offerings.

Raffles’ clients are located in China and Hong Kong and include businesses, sophisticated investors and family offices/funds.

Raffles provides advice on a full range of transactions, including mergers, sales, acquisitions, leveraged buyouts, joint ventures, raid defenses, spin-offs, divestitures and other restructurings. Raffles wants to become a market leader in M&A advice.

In summary, Raffles works with its clients on:

- Public Company Offerings (Treasury and Secondary)
- Initial Public Offerings
- Private Placements
- Mergers & Acquisitions
- Corporate Restructuring
- Strategic Alternative Planning
- Asset Acquisitions and Divestitures

To date, Raffles' advisory services include assignments such as strategic planning, business assessments, assisting in financial restructurings, and providing an opinion on how to internationalize assets.

Raffles has completed projects with:

- Jufel Technology Investment Group (Hong Kong) Holding Limited, pursuant to a Financial Advisory Service Agreement dated March 3, 2019;
- Hong Kong Green Leopard Medical Technology Limited, pursuant to a Financial Advisory Service Agreement dated June 15, 2019; and
- Rongxuan Technology Co., Ltd., pursuant to a Financial Advisory Service Agreement dated August 31, 2019.

Raffles has provided clients in the agriculture, hospitality, food & beverage and pharmaceutical industries with public listing advisory and arrangement services. Raffles helped a client in the food business to understand the listing requirements and formulated strategies to get the firm to be listed on a stock exchange outside of China. A pharmaceutical client was advised on how to get their new business listed on the Singapore Stock Exchange. A Singapore public-listed company was advised on how to grow its hospitality business in China and Raffles provided investor relationship counsel that led to a significant improvement in its market capitalization.

Raffles has offered highly independent advice to clients and has helped firms find practical solutions that are cost effective. Raffles, as an experienced, quality corporate advisor, has added value to a number of the transactions it has participated in.

Raffles has historically acted as an intermediary, and generally not as a provider of capital. However, Raffles plans to expand its business by using its available funds to invest in certain companies which fit its investment guidelines and criteria, described in further detail under the heading "*Narrative Description of the Business*".

## **4. NARRATIVE DESCRIPTION OF THE BUSINESS**

### **4.1 General**

Raffles conducts its business through its wholly-owned subsidiary, RFP. Raffles is an established Singapore company that provides an array of financial advisory and related services and currently has clients in China and Hong Kong. Except where context requires otherwise, references in this section to "Raffles" include "RFP".

Raffles is headquartered in Singapore, with its head office in the downtown business district of Singapore City as well as a 6,000 square foot regional branch office in Hong Kong. The regional branch office is staffed by analysts, consultants and contractors. Management and employees of Raffles commute between the two offices to service clients.

Raffles was created by its three founders and shareholders: Charlie In of Singapore – Chairman; Victor Liu of Singapore – Chief Executive Officer; and Abigail Zhang of Singapore – Chief Investment Officer. Collectively, they are referred to herein as the "**Founders**".

The Founders provide overall strategic expertise, manage Raffles' strategic partners and organize its resources. All of this is done to assist Raffles' clients in their corporate financial planning, management and oversight. Raffles draws on the Founders' educational and occupational backgrounds as well as their contacts to formulate the services and practices

carried out by Raffles. In addition to the Founders, Raffles has appointed Mr. Dong Shim (CPA, CA, and CPA (Illinois), who serves as Raffles' Chief Financial Officer. See *Directors and Executive Officers of Raffles*, below. Raffles also employs five corporate analysts and officers.

Raffles had revenues of S\$11,533,334 for the financial period from July 5, 2018 (date of incorporation) to June 30, 2019 and had earnings before income taxes of nearly S\$11,520,968 for the same period.

The revenue of Raffles is derived mainly from two major service segments, namely, (1) financial advisory services and (2) licencing services (collectively, the "**Service Offerings**"):

1. **Financial advisory services**, including providing advisory and expertise support on the following:

- (i) restructuring and reorganizing clients' assets so as to internationalize such assets in favourable jurisdictions ("**Structuring**"). Raffles has successfully formulated tailor-made restructuring strategies and sourced M&A partners or vehicles in Singapore for its Chinese clients in the hospitality, food & beverage and pharmaceutical industries. Raffles has also helped these companies go public listed outside China via reverse take-over and joint ventures. This service transforms its clients' businesses from private and local entities overseas publicly listed companies;
- (ii) public listings (such as initial public offerings) in various Asian countries and in other global markets ("**Supporting**"). Raffles has helped its Chinese clients in the hospitality, food & beverage and pharmaceutical industries on listing preparation, appointment and verification of public listing matters and coordinating the works of the accountants, auditors, lawyers, bankers, independent experts, investors, media, valuers and various stakeholders, as well as investor relations counselling. Raffles has led its clients to a significant improvement in market capitalization; and
- (iii) funds, family offices and trusts regarding initial and ongoing investments and portfolios, plus performance assessments ("**Securing**"). Raffles has helped its Chinese clients on the selection and qualification of investment targets, set-up of funds and trusts, provided follow-through consulting, and provided advice with respect to investment risks for asset protection and appreciation purposes.

In providing any of the above services, Raffles enters into a service agreement with the client which sets out the services to be provided to the client, the service fee and the specified time frame for delivering such service. For the financial periods ended June 30, 2019 and December 31, 2019, Raffles service income was being generated in Hong Kong and China.

2. **Licensing services**, including providing Raffles' representatives with various financial technology tools and advice on how to use Raffles' brand, in addition to certain financial technology tools and techniques, to better serve their clients ("**Serving**").

In providing such licensing services, Raffles enters into a licencing agreement with the client in which the permitted right to use the brand and certain technology, the fixed licencing fee for such right, and the specified licencing period of using such right are defined and stipulated. For the financial periods ended June 30, 2019 and December 31, 2019, such licencing income was being generated in China, with all clients based in two different provinces of China.

Since incorporation, Raffles has provided financial advisory services to four clients. During the financial period ended June 30, 2019, Raffles entered five advisory agreements with four clients. For the six months interim period ended December 31, 2019, Raffles entered one advisory agreement with one repeat client who was also one of the clients for the financial year ended June 30, 2019. Each advisory agreement is usually comprised of more than one type of advisory service. For example, the advisory agreement entered during the interim period consisted of (i) restructuring & corporate finance advisory services, (ii) IPO & global fund raising advisory services, and (iii) fund, family office and trust advisory services.

Raffles currently has four clients in Hong Kong for advisory services and three clients in China for licensing services. Raffles does not consider any one of the agreements with its clients to be a contract upon which its business is substantially dependent.

For the financial period ended June 30, 2019, Raffles generated total revenues of S\$11,200,000 from four clients in Hong Kong for advisory services. For the same financial period, Raffles generated revenue of S\$333,334 from two clients in China for licensing services. For the six months interim period ended December 31, 2019, Raffles generated total revenues of S\$2,800,000 from one client in Hong Kong for advisory services. For the same financial period, Raffles generated revenue of S\$2,666,672 from three clients in China for licensing services.

Raffles has the specialized skill and knowledge to be able to provide financial advisory and licensing services to its clients due to the educational background and professional experience of the Founders and its employees. One of Raffles' business objectives is to invest in companies which meet its investment criteria and guidelines, which are disclosed on page 10 of this Listing Statement. Dr. Liu has experience managing investment companies, namely acting as Executive Director of GuoRong China Finance Bank (Beijing) Asset Management (a fund management and asset management company) and eCapital (China) Finance Leasing (an investment and financial leasing company). See "*Directors and Officers*". In addition, Raffles has also contracted Martin Lim, a Monetary Authority of Singapore licensed Fund Manager, to provide consultancy services to Raffles. Martin Lim is the CEO of Red Oak Capital Pte Ltd. (Company Reg. No. 201932554D), a Singapore company which holds a Capital Markets License (License No. CMS100925) issued by Monetary Authority of Singapore. He is the former Managing Director of Schroders Wealth Management. Prior to Schroders, he worked at Standard Chartered Private Bank since 2015, where he was Executive Director and Head of the Malaysia Team. He held similar roles at UBS, Barclays Private Bank and United Overseas Bank. Martin started his banking career in Oversea-Chinese Banking Corporation, Limited. He has a BSc from the National University of Singapore and an MBA from the University of Western Australia.

Raffles has a registered trademark, "Raffles Financial", which was registered with the Registrar of Trade Marks Singapore on August 22, 2019. The validity period of a registered trademark in Singapore is 10 years, and can be renewed indefinitely at the end of each 10-year period. Raffles considers its trademark to be an important factor in its ability to profitably market its Service Offerings.

Raffles focuses its Service Offerings on assisting companies in the middle market, or so-called "Mid-Market" in China and Hong Kong. The Mid-Market is usually a reference to the size of a company, typically in terms of its revenue and/or asset base. There is no universally accepted revenue range that defines Mid-Market companies, however Raffles' management stipulates that it pursues companies in the range of US\$10 million to US\$50 million in revenues as its Mid-Market targets. Mid-Market companies fall between so-called "Main-Street" companies (below US\$10 million in revenues) and large "Corporations" (in the US\$51+ million to multi-billion range in revenues).



The Mid-Market comprises a significant portion of the Asian economy. In Asia, Mid-Market businesses represent one-third of the private sector GDP and employ approximately 25% of the total labour force (Source: Gartner Group, 2019).

Unlike large investment banks and self-employed financial consultants, Raffles offers customized and tailored financial services to clients and also works with a series of independent representatives ("**Representatives**"). Representatives pay annual fees to Raffles, who in turn provides such Representatives with tools, techniques and guidance. Raffles teaches the Representatives techniques to search for clients, structuring of listing requirements, securing the family assets process, etc. Also, Raffles offers Representatives a Raffles online portal to which such representatives can refer clients who want to use apps such third party e-wallets, high-speed point of sale payment gateways, client relationship management systems, etc. The Representatives are responsible for marketing, pricing and placing deals.

Raffles' resources and professional service offerings allow Raffles to be a near full-service provider. Raffles bridges the gap between financial service providers with insufficient talent and those that are so large that they are unable to offer flexible services to serve their clients' diverse financial opportunities and challenges.

Conversely, Raffles' Service Offerings and its structure allows Raffles to address Mid-Market clients who want the type of services that Raffles offers, but either can't, or won't, pay the high fees of large investment banks or corporate finance groups; without the service levels that Raffles can deliver.

Raffles intends to expand its business by using up to C\$18,000,000 of its available funds to invest in businesses which meet its investment criteria and guidelines which are set out below:

- (1) businesses operating within the following industries: food and beverage, payment and eCommerce technologies, and those focusing on either environmental sustainability or promoting a healthy lifestyle;
- (2) businesses located in Australia, China, Hong Kong or Singapore;
- (3) management with a proven track record in managing successful businesses;
- (4) investments of not more than S\$2,000,000 per business;
- (5) investments in the form of convertible bonds and shares;
- (6) businesses with revenues of between S\$30,000,000 and \$50,000,000; and
- (7) expected timeline for exit of investments of 12-18 months

(collectively, the "**Investment Criteria and Guidelines**").

Of the C\$18,000,000, up to C\$6,000,000 will be spent on businesses that are preparing for public listing within 12-18 months and up to C\$6,000,000 will be spent on businesses that Raffles is providing advisory services to in connection with a public listing within 18 months.

## **4.2 Regulatory Regime**

Raffles is registered with the Monetary Authority of Singapore ("**MAS**") as an exempt corporate finance adviser. The MAS is the sole national authority in Singapore regulating the provision of financial products and services. It is also the central bank of Singapore. In addition to the MAS, the approved exchanges in Singapore are also relevant in the regulation of financial products and services.

The registration process with the MAS is meant to ensure that parties offering financial advice in Singapore follow certain guidelines initially and on an on-going basis. This framework provides Raffles' clients with assurance of regulatory review and compliance.

Raffles is a specialized financial services firm serving companies, especially those addressing the Chinese market. Readers should note that exempt corporate finance advisers or persons are not licensed by the MAS.

Raffles is exempted from licensing and business conduct requirements under the Singapore *Securities and Futures Act* ("SFA") and/or the Singapore *Financial Advisers Act* ("FAA") and the regulations thereunder.

Exempt corporate finance advisers such as Raffles are limited by the MAS to serving only accredited investors, expert investors or institutional investors and are limited to serving up to 30 accredited investors.

Exempt advisers must be able to satisfy and demonstrate to MAS that they meet the "fit and proper" criteria in respect of honesty, integrity and reputation; competence and capability; and financial soundness, as stated in the Guidelines on Fit and Proper Criteria [Guidelines No. FSG-G01].

The "fit and proper" requirements have to be met on an ongoing basis, and are also applicable to the exempt company's substantial shareholders or persons who have decision-making power in the company; directors or equivalent persons; and representatives who conduct regulated activities on behalf of the exempt company.

At present, Raffles does not foresee the need to secure any Singapore or other country licenses given Raffles' plans and existing business model.

The following section is prepared with regard for OSC Staff Notice 51-720 - *Issuer Guide for Companies Operating in Emerging Markets*. While Raffles has clients in China and Hong Kong, it has offices and employees in Singapore and Hong Kong only. Raffles is headquartered in Singapore and its corporate jurisdiction is the Cayman Islands. The Continuation to the Cayman Islands was for tax purposes and Raffles does not conduct business in the Cayman Islands. The disclosure in this section is therefore limited to Raffles' business in Singapore, Hong Kong and the Cayman Islands.

### **Business and operating environment**

#### ***What role does the foreign government and regulatory authorities have in the foreign operations?***

Raffles is governed by the corporate law of the Cayman Islands. RFP is incorporated pursuant to the laws of Singapore and is subject to the corporate laws of Singapore. Raffles has clients in Hong Kong and China.

Raffles is headquartered in Singapore and has a smaller branch office in Hong Kong. Raffles is therefore subject to the legal framework pertaining to the provision of financial advisory and related services within Singapore and Hong Kong. While Raffles is governed by the corporate law of the Cayman Islands, as it does not have any operations in this country, it is not subject to the legal framework pertaining to the provision of financial advisory and related services within the Cayman Islands.

***Have restrictions or conditions been imposed, or can they be imposed, by the foreign government and regulatory authorities on the company's ability to operate in the foreign jurisdiction?***

To the knowledge of management of Raffles, no restrictions or conditions have been imposed by the foreign governments and regulatory authorities on the ability of Raffles to operate in the foreign jurisdictions where it currently conducts business.

***Who in the company manages the relationship with the foreign government and regulatory authorities?***

Dr. Charlie In, the Chairman and a director of Raffles, is primarily responsible for managing Raffles' relationship with the foreign governments and regulatory authorities where it conducts business.

***What is the legal environment of the foreign jurisdiction? How does the legal system operate and how may it impact the company?***

Singapore, Hong Kong and the Cayman Islands each have common law legal systems. As Canada also has a common law legal system, there are similarities between the legal regimes.

***What regulatory requirements is the company or its business or operations subject to in the foreign jurisdiction?***

Please see the disclosure above, immediately under the heading "Regulatory Regime" on page 8.

***Does the board have access to relevant expertise to ascertain the political, legal and cultural realities of the jurisdiction where the company's principal business operations are located, and the impact they may have on the company's business or operations?***

The Board will engage professional advisors (legal, financial, and technical) with the relevant expertise to provide assistance in the political, legal and cultural realities of Singapore and Hong Kong and the impact they may have on the company's business or operations on an as-needed basis.

***What are the banking customs in the foreign jurisdiction? How do they differ from Canadian customs?***

Raffles has a bank account in Singapore. The banking customs in Singapore are comparable with the banking customs in Canada.

***Are there any restrictions on the company's ability to transfer and/or verify the existence of funds in bank accounts located in foreign countries?***

There are no restrictions on Raffles' ability to transfer and/or verify the existence of funds in bank accounts located in Singapore, where its bank account is located.

***What are the impacts of local laws and customs on ownership and rights to property?***

Raffles currently owns no real property and does not anticipate any impact of local laws and customs regarding rights and ownership to property to impact its business. Raffles is not aware of any restrictions on the ownership of property which might impact its business.

***How frequently do Canadian board members and management visit operations in the foreign jurisdiction?***

It is anticipated that Raffles' Canadian board members and management will visit Raffles' operations in Singapore and Hong Kong as often as is necessary. It is expected that Raffles' Singapore resident management and board and Hong Kong board member will visit Canada regularly as well, once present travel restrictions as a result of the COVID-19 public health crisis subside.

***Where are the company's books and records located and are there any access restrictions?***

Raffles maintains a head office at 3 Shenton Way, #11-01H Shenton House, Singapore 068805. Raffles' books and records are located at its current address.

Shareholders of Raffles may access its financial statements, business reports and audit reports at any time during business hours. Raffles' auditors have full and free access to books and records of Raffles.

***Will an investor's ability to exercise and enforce statutory rights and remedies under Canadian securities law be impacted by the fact that all or substantially all of the issuer's assets are primarily located in a foreign jurisdiction?***

Three of the seven directors of Raffles are resident Canadians with a vested interest in ensuring that their fiduciary duties are carried out in full compliance with Canadian securities law.

There are three statutory schemes in place governing the recognition and enforcement of foreign judgments in Singapore, namely, the *Choice of Court Agreement Act* (CCAA), *Reciprocal Enforcement of Commonwealth Judgments Act* (RECJA), and *Reciprocal Enforcement of Foreign Judgments Act* (REFJA). The RECJA and REFJA cease to apply where a foreign judgment may be recognised and/or enforced under the CCAA. The RECJA and REFJA stipulate limitation periods by which the person seeking to enforce the judgment must apply to the High Court in Singapore. The CCAA does not provide for such time limits, provided that the foreign judgment remains enforceable and/or effective in its state of origin. These statutory rules are in addition to the common law regime. Each Act states in detail when it is applicable.

A foreign judgment can be enforced in Hong Kong by either the statutory registration scheme based on reciprocity under the *Foreign Judgments (Reciprocal Enforcement) Ordinance* or under common law.

Judgments from foreign countries are enforceable in the Cayman Islands at common law.

There is a risk that statutory rights and remedies may not be able to be enforced. Please see the disclosure under the headings "*Asset Location and Legal Proceedings*" and "*Limited Ability to Enforce Remedies*" under the heading "*Risk Factors*".

***Language and cultural differences***

***Does the composition of the board provide the appropriate level of knowledge and expertise in the language and cultural practices of the emerging market?***

English is the language of business in Singapore, Hong Kong and the Cayman Islands so the Board has the appropriate level of knowledge and expertise. Raffles has operations in Hong

Kong and Singapore. The Board has the necessary knowledge and expertise in the cultural practices of these countries as three directors are resident in Singapore, one director is resident in Hong Kong.

***Is any board member fluent in the foreign language or does the board have access to an independent translator to overcome any language differences?***

Not applicable, as English is the language of business in Singapore, Hong Kong and the Cayman Islands.

***How frequently should the board members visit the operations in the emerging market and meet with local management?***

Three members of the Board are Singapore residents and one member of the Board is a Hong Kong resident. The other directors will visit Singapore and Hong Kong on an as needed basis.

***Has the board engaged with local management to understand the manner in which business is conducted in the foreign jurisdiction?***

The Board will engage with and supervise local management of Raffles as required in order to understand the manner in which business is conducted in Singapore and Hong Kong.

***Have the books and records, including key documents such as material contracts or bank documents, been prepared in English or French or appropriately translated?***

Raffles' business is primarily conducted in Singapore and Hong Kong, where key documents are prepared in English.

***Does the board have access to resources, beyond local management or local directors who are not independent, that can help overcome language and cultural issues?***

As the language of business in both Hong Kong and Singapore is English, it is not anticipated that the Board will have language issues.

With respect to cultural issues, Kit Chan is an independent director and Hong Kong resident so he is able to help the other members of the Board to overcome any cultural issues. Raffles will retain a local law firm in Singapore and the Cayman Islands to provide legal consulting services as needed so the Board will be able to ask them any questions. A law firm in Cayman Islands is under retainer regarding the Continuation and has assisted with Continuation matters. A law firm in Singapore is under retainer to assist with various Singapore-related matters. Raffles expects to work with these firms as needed on a go-forward basis. The auditor of Raffles will also engage a local affiliate to assist in the preparation of Raffles' audit as needed so the Board will also have access to this resource.

### **Corporate structure**

***Has the need for a complex structure been carefully assessed by management, including whether the company's objectives could be achieved through a simpler structure?***

As Raffles' business has been headquartered in Singapore to date and Raffles has an established network of advisors in that country, the Board considers it appropriate to maintain Raffles' corporate jurisdiction in Singapore. Upon receipt of professional advice, the Board considered it appropriate for the corporate jurisdiction of Raffles to be continued to the Cayman Islands for tax reasons.

***Is the company's corporate structure consistent with its business model and the political, legal and cultural realities of the jurisdiction where its principal business operations are located?***

As Raffles' business is headquartered in Singapore, Raffles' corporate structure is consistent with its business model and the realities of the jurisdiction in which primary operations will occur, being Singapore. For tax purposes, the corporate jurisdiction of Raffles is the Cayman Islands.

***Where the company uses a structure that involves one or more SPEs, does it have effective control and ownership over the foreign operating entities and is the SPE structure compliant with relevant foreign investment restrictions?***

Raffles exercises effective control and ownership over RFP.

***Does the board have the means to monitor legal and regulatory developments in the foreign jurisdiction relative to SPE structures?***

The Board has the means to monitor legal and regulatory developments in Singapore, Hong Kong and the Cayman Islands through its professional advisors.

***Does the corporate structure limit or inhibit the ability of the board to oversee and monitor management of the foreign operations?***

Raffles' corporate structure will not limit or inhibit the ability of the board of Raffles to oversee and monitor management of the foreign operations. The majority of the Board are independent and can oversee and monitor management in Singapore and Hong Kong.

***How does the board ensure that information from the local jurisdiction is communicated to the board in a timely manner?***

There will be a routine report from RFP to the CFO and CEO of Raffles every month which will be disclosed in the form of Monthly Progress Report on the CSE website. The Singapore and Hong Kong resident directors, who are orientated with Canadian corporate governance requirements, will inform and discuss with the rest of the Board should any material events occur.

***Can the Canadian parent company effectively change the board and management of the foreign operating entities?***

Raffles will have the ability to change the board and management of the foreign operating entity as the sole shareholder of RFP.

***Have the risks associated with the company's corporate structure been identified and evaluated? Does management have appropriate controls in place to address those risks?***

Risks associated with Raffles' corporate structure have been identified and evaluated. It is management's opinion that the risk is minimal given the regulatory environment in Singapore and Hong Kong, where Raffles' and RFP's operations are based, and that the Chairman of Raffles will continue to serve as CEO of RFP.

#### **Related parties**

***Has management implemented effective policies and procedures to identify related parties and any transactions with such parties, evaluate the merits of such transactions,***

***and require that the transactions be reported to the board and be subject to prior board approval?***

Raffles has not developed a formal policy regarding related party transactions, but each of its board members have been made aware of their fiduciary duties and the requirements of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). Each board member is aware that he or she must disclose his or her interest in the transaction to the other board members and abstain from voting on the resolution approving the transaction.

***Are directors and senior management required to obtain board approval or the approval of independent or disinterested directors before entering into transactions in which they have an interest?***

Each director of Raffles will attempt not only to avoid dealing with such other companies in situations where conflicts might arise but will also disclose all such conflicts and will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. In addition, Raffles will require that no director shall participate in the evaluation or approval of any related party transaction for which he or she is a related party and will abstain from voting on the approval of the related party transaction, except that the director shall provide all material information concerning the related party transaction to the Board.

***Are related party transactions evaluated by disinterested directors (i.e., as opposed to evaluation by directors who may be definitionally "independent" for purposes of securities regulation but would not be considered disinterested by a reasonable person)?***

Yes, directors must notify the Board of their interest in the transaction and abstain from voting on the resolution approving the transaction.

***Is the Transaction subject to the minority shareholder approval and formal valuation requirements under MI 61-101?***

No. Raffles will consult with Canadian legal counsel to determine whether transactions, on a case-by-case basis, trigger the minority shareholder approval and formal valuation requirements under MI 61-101.

***Are transactions that fall outside the normal course of business scrutinized to determine whether related parties have a direct or indirect interest in those transactions?***

Raffles scrutinizes such transactions to determine whether related parties have a direct or indirect interest in those transactions.

***Could the same or similar benefits derived by a company through a related party transaction be obtained at a lower cost or with less risk on an arm's length basis (including, for example, public tender)?***

Raffles is not currently subject to any material transactions with related parties and so there aren't any benefits derived by a company through a related party transaction. If there is a potential related party transaction in the future, the Board will review and consider whether the same or similar benefit can be obtained at a lower cost or with less risk on an arm's length basis.

***What would the impact be on the company in the event the related party no longer supplied certain goods or its services?***

On a going forward basis, the Board will review and consider the impact on the company in the event any related party no longer supplied certain goods or services. To date, Raffles has not entered into any material transactions for the supply of goods or services with any related parties.

***What is the track record of the related party in supplying the goods or services?***

To date, Raffles has not entered into any material transactions for the supply of goods or services with any related parties. On a going forward basis, the Board will review and consider the track record of the related party supplying any goods or services to the company.

***Does the related party have the requisite skills, experience and/or financial capability to supply the good or service?***

On a going forward basis, the Board will review and consider whether the related party has the requisite skills, experience and/or financial capability to supply the good or service. To date, Raffles has not entered into any material transactions for the supply of goods or services with any related parties.

***Are balances due from related parties collectible?***

Raffles does not have any balances due from related parties.

***Are there tax risks that arise from related party transactions?***

Raffles will seek professional tax advice with respect to any related party transactions as they arise from time to time.

***Can the business effectively continue to operate without the approval or participation of the related party or significant shareholder?***

No material business of Raffles is operated with any related party or significant shareholder.

**Risk management and disclosure**

***Does the board have a full understanding of the risks facing the company and how those relate to the overall risk appetite of the company?***

The Board has a full understanding of the risks facing the company.

***Is there a strategy in place to ensure that significant risks related to operations in the emerging market are identified and managed by the board and management?***

The Board will communicate with legal counsel in Singapore and the Cayman Islands and engage legal counsel in Hong Kong as necessary in order to monitor the political and the legal environment in which Raffles operates.

***Does the board regularly engage with management to review and update the risk identification and management strategy?***



The Board will have direct access to management of RFP as the Chairman of Raffles will continue to act as CEO of RFP. Going forward, the Board intends to review and update its risk identification and management strategy on an as-needed basis.

***Does the board ask probing questions and seek confirmations that decisions made by management are consistent with board-approved strategies and the company's overall risk appetite?***

The Board asks probing questions and seek confirmations that decisions made by management are consistent with board-approved strategies and Raffles' overall risk appetite.

***Does the board obtain confirmation from management that risk exposures are in compliance with established limits?***

The Board obtains confirmation from management that risk exposures are in compliance with established limits.

***Do board members take appropriate steps to stay informed of key developments that could increase the company's risk exposure in the emerging market?***

The Board takes appropriate steps to stay informed of key developments, including the legal, political and regulatory climate of Singapore, Hong Kong and the Cayman Islands, which could increase the Board's risk exposure in such markets.

***Has the board established contacts in the foreign jurisdiction that may assist the board in staying abreast of developments that could impact the company's risk exposure and does the board regularly engage with these contacts?***

The Board has established business contacts in Hong Kong and Singapore by virtue of having directors resident in both countries. The Board also has business contacts in China, as several directors have either previously resided in China or conducted business in the country. The Board therefore considers that it will be able to stay abreast of developments that could impact the company's risk exposure. The Board also has direct access to legal counsel in Singapore and the Cayman Islands. The Board intends to communicate with legal counsel in Singapore and the Cayman Islands as necessary in order to stay abreast of developments that could impact Raffles' risk exposure. Raffles has not deemed it necessary to retain Hong Kong or Chinese legal counsel to date, but Raffles will do so if it would assist the Board.

***Does the Board have a clear understanding of the internal controls and processes in place to respond to risk?***

The Board ensures that all members have a clear understanding of the internal controls and processes in place to respond to risk.

***Does the board review how disruptions to business operations caused by political, legal and cultural factors in the emerging market were dealt with by management?***

The Board will carefully review how disruptions to business operations that may be caused by political, legal and cultural factors in Singapore and Hong Kong are dealt with by management.

### **Internal controls**

***What has management done to determine if the company has the proper internal controls in place to address each of the identified risks, in particular the risks associated with operating in an emerging market?***

Management of Raffles reviews the accounting cycle, payroll administration, operational activities, and financial reporting controls to assess internal control risks and to ensure proper internal control is in place.

***What are the deficiencies and weaknesses in internal controls that have been identified? How material are these deficiencies or weaknesses?***

One of the deficiencies in internal control is the lack of segregation of accounting duties due to the limited size of Raffles. However, the threat of this deficiency is considered immaterial as management has taken effective measures to mitigate this weakness.

***What potential risks flow from the identified deficiencies and weaknesses?***

The potential risk that flows from the identified deficiencies and weaknesses is the risk of potential fraud. However, the risk of fraud is considered low as management has taken measures as stated above to mitigate the potential risk of fraud.

***What are the ways that such deficiencies and weaknesses can be remediated?***

Management anticipates taking the following measures to mitigate this weakness:

- All purchase and payment, including payroll, must be authorized by management;
- All capital expenditures must be preapproved by the board of directors;
- All source documents in Singapore and the Cayman Islands must be translated and scanned for accounting entries and recordkeeping purposes;
- Almost all of Raffles' cash is deposited with a Singapore bank. Operating funding for RFP will be provided by Raffles with two directors' approval; and
- Bank statements of RFP will be reviewed by the CFO of Raffles regularly.

***Does management have a plan and timeframe for the remediation? Does the plan include immediate/ interim steps to manage the risks that have been identified? Is the timeframe proposed by management reasonable?***

The Board expects to schedule board meetings in Singapore and Hong Kong to allow for meetings with local staff and management and review of RFP' operations as often as is necessary.

***What is the status of on-going remediation plans?***

The Board expects in the near future to establish a whistleblowing policy.

***Are there any interim measures that should be adopted before the remediation is complete?***

The Board will continue to monitor the operations of RFP, evaluate the internal controls, and develop measures in the future to mitigate any potential risks and weaknesses.

***What are the auditor's views on the company's internal controls?***

Audits include a review and evaluation of the system of internal controls of RFP and Raffles, respectively, to assist in determining the level of reliance that may or could be placed on the system of RFP and Raffles in assessing the nature and extent of the audit procedures undertaken. Based on the review and evaluation of the internal controls, given the relative size of RFP and Raffles, management structure and the nature and volume of the transactions processed, financial and transaction controls are insufficient to allow the auditor to place a high degree of reliance hereon in the conduct of the audit.

**Oversight of the external auditor**

***Does the auditor have a presence or affiliation in the jurisdiction in which the company's overseas operations are located?***

Yes. Raffles' external auditor, MNP LLP, has affiliations in Singapore, Hong Kong and the Cayman Islands.

***Do any members of the audit team have the language, skills relevant to, and cultural knowledge of, the local jurisdiction?***

Yes, the audit team will have the language, skills relevant to, and cultural knowledge of, the local jurisdiction.

***Does the auditor have sufficient experience in the accounting and tax rules of the foreign jurisdiction?***

Raffles is satisfied that its auditor has sufficient experience as it is a member of Praxity, an international network of independent accounting firms with offices in Singapore, Hong Kong and the Cayman Islands with sufficient experience in the accounting and tax rules in the respective jurisdictions.

***Does the auditor understand the risks and challenges facing the emerging market issuer, and does it have sufficient appropriate audit procedures to address them?***

To the knowledge of Raffles, the auditor adequately understands such risk and challenges and has appropriate procedures to address same.

**Other risks related the business of Raffles**

Raffles has financial advisory service agreements and licensing agreements in place with clients in China and Hong Kong, which may present risks to Raffles, including risks related to foreign exchange fluctuations, the requirements to comply with different regulatory regimes, currency regulations and restrictions upon the ability to transfer currency out of the China. See "*Risk Factors*".

#### **4.3 Market Overview, Market Opportunities**

Asia is the largest and most populous continent on Earth. Asia covers an area of 44.5 million sq. kilometres: about 30% of the Earth's total land area. The continent has 4.5 billion people and constitutes roughly 60% of the world's population. (Source: "Population of Asia.2019 demographics: density, ratios, growth, clock, rate of men to women". [www.populationof.net](http://www.populationof.net))

Mid-Market companies and small and medium size enterprises (“**SMEs**”) comprise a large portion of the Asian marketplace. (Source: IFC. 2010. Two Trillion and Counting. Washington, D.C.)

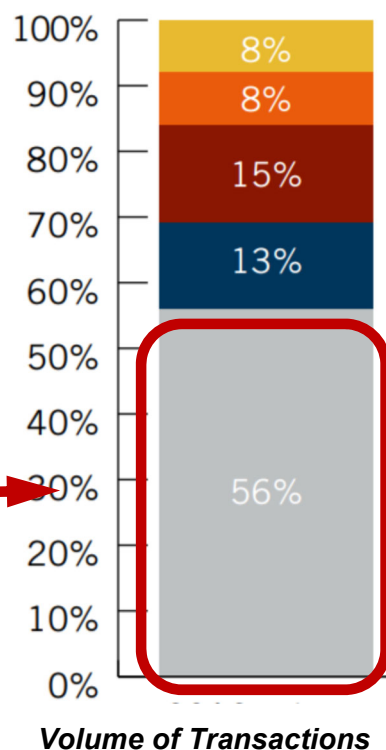
Asian financial markets, particularly within developing economies, are still generally less mature and less regulated than markets in America or Europe. Bond markets, in particular, are often underdeveloped, as bank financing is much more common than financing via the issuance of corporate debt. On the equity side, Asian markets are less likely to do the same type of capital restructuring that is common in America, with leveraged buyouts and similar maneuvers being exceptions rather than the rule. The wide variety of financial products available through retail banks is also more common in developed countries outside Asia.

The merger and acquisition (“**M&A**”) activity in the Asian financial services Mid-Market, in particular, has experienced recent growth. In the last five years, the Asian Mid-Market has been very active with the volume of transactions in M&A being dominated by companies in the Mid-Market.

(Source: Houlihan Lokey Capital, Inc., Asia-Pacific M&A: Investing in the Mid-Market, Issue 3 and MergerMarket).

Researchers in the Asia-Pacific region indicate that almost 60% of all M&A transactions fall within the Mid-Market space over the next five years. This is the region that Raffles is targeting with its financial advisory services.

**M&A Transactions in Asia from 2012 - 2018**



< US\$50m
  US\$51m-US\$100m
  US\$101m-US\$250m
  US\$251m-US\$500m
  >US\$500m

Source:



(Sources:

International Federation of Accountants - SMEs as the Backbone of Southeast Asia’s Growing Economy

<https://www.aseanstats.org/publication/asean-statistical-highlights-2018/>

<https://en.wikipedia.org/wiki/Asia>

<https://www.bain.com/insights/asia-pacific-private-equity-report-2019/>

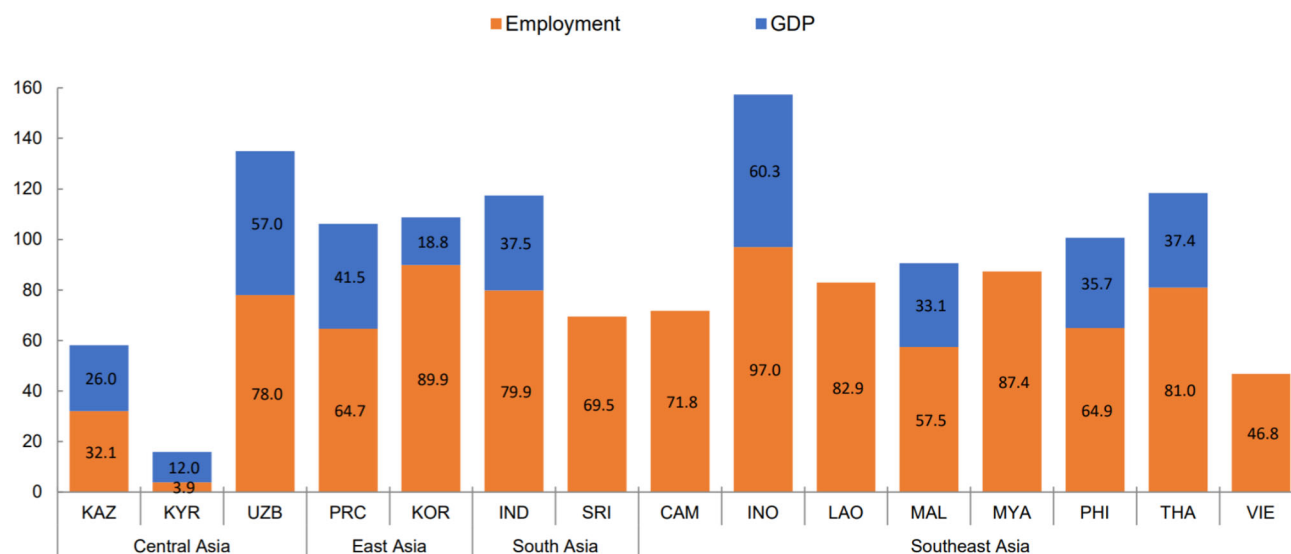
MergerMarket: Asia-Pacific M&A: Investing in the mid-market)

The Asia-Pacific region continues to increase in importance for the global financial services market. In China, business owners and families have a renewed interest to seek to move capital into international capital markets and countries where stability exists and ownership rules are

clear. The countries comprising Asia present significant opportunities for Raffles as many business owners and investors are seeking solutions to their financial situations.

It is apparent that Asia-Pacific has a deep pool of Mid-Market companies with enterprise values of between US\$1m to US\$50m. Financial advisory work in this segment drives deal activity in the Asia-Pacific region, and this trend is expected to continue (Source: Houlihan Lokey Capital, Inc., 2018).

### SME Share of GDP and Employment (%)



CAM = Cambodia, GDP = gross domestic product, IND = India, INO = Indonesia, KAZ = Kazakhstan, KOR = Republic of Korea, KYR = Kyrgyz Republic, LAO = Lao People's Democratic Republic, MAL = Malaysia, MYA = Myanmar, PHI = Philippines, PRC = People's Republic of China, SME = small and medium-sized enterprise, SRI = Sri Lanka, THA = Thailand, UZB = Uzbekistan, VIE = Viet Nam.

Sources: ADB. 2015. *Asia SME Finance Monitor 2014*. Manila; and Uzbekistan data from the State Statistics Committee (as of December 2016).

Southeast Asia, as an economic region under the flag of the Association of Southeast Asian Nations (“**ASEAN**”), continues to fulfil its potential as one of the major players in today’s global economy. With a projected annual growth rate of over 5.5% per year, ASEAN is forecast to overtake the EU and Japan to become the 4th largest economy in the world by 2050, behind China, India, and the United States. (Source: US-ASEAN Business Council, Inc.)

A major part of the ASEAN economy consists of SMEs, which account for between 89% and 99% of total establishments, and between 52% and 97% of total employment in the ten ASEAN Member States (“**AMS**”) (Source: OECD/ERIA (2018), *SME Policy Index: ASEAN 2018: Boosting Competitiveness and Inclusive Growth*, OECD Publishing, Paris/Economic Research Institute for ASEAN and East Asia, Jakarta.) These SMEs contribute to each AMS’ GDP between 30% and 53%, with export contribution between 10% and 30% per AMS (see *SME Developments in ASEAN 2018*). SMEs make real contribution to income and employment generation, gender and youth empowerment through their diverse business participation, together with their widespread presence in non-urban and rural areas.

## **Mergers and Acquisitions**

Small and medium-size deals comprise the vast majority of M&A activity in Asia with transactions over US\$500m accounting for just 8% of volume.

Many of today's Mid-Market companies are SMEs that survived and thrived past the 2008 – 2012 global financial crisis and have proven to be strong competitors making them all the more attractive acquisition targets.

While China remains a largely inbound and domestic market for M&A, a rising wave of acquisitive Chinese companies venturing beyond their national borders has created an uptick in outbound transactions since 2016. In 2013, 120 outbound transactions were completed, with 34% in the middle market; this has accelerated.

Researchers find that the typical Mid-Market owner or investor is looking for proven partners / businesses with experienced management that have significant room for growth. These tend to be private, family-owned companies that grew from a start-up into a more mature entity. Dealmakers need to be mindful of the unique dynamics of family-owned businesses that have been built upon and rely on relationships that are often controlled by the company's founder. In this environment, successful investors utilize a combination of building trust and friendship with the company's owners and management while conducting thorough due diligence.

Unlike most Western markets, leveraged buyouts in Asia are quite rare. The majority of deals occurring in the middle market are purchases of minority positions that come with limited rights and protections for the investor. This structure provides the investor with access to a high growth opportunity while allowing the entrepreneur to remain in control of the business.

As difficult as it may be to deploy capital, one topic that is at the front of many people's minds these days is the ability to exit investments. As numerous investments made in recent years have failed to IPO, a clear path to exit is becoming a critical condition for new investments. Investors often have a right to force an exit, but in practical terms such action is unrealistic without the buy-in of the majority shareholder.

These situations are causing investors to become more creative in seeking exits and in structuring new investments. How do investors source quality deals? What must they be prepared to do to win deals and beat their competitors? Few deals simply fall into the laps of investors, so investors need to maintain a deep and wide network of referral sources. Raffles is positioned well in this market spot.

In order to close deals and beat the competition, owners and/or investors need to spend significant time on the ground meeting and developing a personal relationship. This is difficult to accomplish by flying in once a month for a quick meeting.

As Chinese manufacturers move up the value chain, purchasing international brands and technology will also be a priority. China outbound deal volume is likely to continue to grow due to:

- an increase in the number of deal participants — as Chinese companies grow and mature there should be more companies with the skill and sophistication required for cross border M&A; and
- pressure on A-share listed companies to justify their relatively high valuations — these businesses should seek acquisitions of brands and technology to counteract slowing organic growth. From a volume perspective, most

transactions will likely be in the middle market. These smaller deals typically do not involve public or political scrutiny that increases the risk of deal completion.

Many Chinese companies want to start small in terms of price and complexity and learn as they go when making acquisitions abroad.

The fastest growing segment of Asia business is Chinese sellers or buyers navigating the M&A processes.

While sector focus varies with geography, most outbound China acquisitions follow the strategy of acquiring brands or technologies that can be leveraged in China to improve growth, profitability and broaden the expertise of the acquirer.

The outbound trend is expected to continue in the years ahead as financing becomes more readily available and government support for these transactions remains strong.

Researchers foresee the Asia Pacific M&A market (a good indicator of the financial services market) for the Mid-Market being active during 2020.

(Source for information under the heading “Mergers and Acquisitions”: Houlihan Lokey Capital, Inc., Asia-Pacific M&A: Investing in the Mid-Market, Issue 3 and MergerMarket).



# Asia Pacific M&A in 2018

Key themes across the 2018 Asia Pacific M&A market include:

- 1 Record breaking hotspots**

Despite a slight regional downturn compared to 2017, 2018 was a record breaking year for Australia, India, Japan, and South Korea. China and Indonesia saw a considerable increase in deal value. US tensions had a knock-on effect in different ways in many jurisdictions across the region, the most obvious being in Mainland China where acquisitions of US companies fell 94% , but with acquisitions of European companies climbing 81%. South Korea also focused on Europe for real estate and infrastructure acquisitions. Thailand's domestic investment surged while its outbound investment decreased. Singapore had a soft year.
- 2 TMT dominates**

2018 was one of the strongest years on record in the TMT sector (18% market share). TMT was followed by industrials (13.8%), financials (13.3%) and materials (12.8%). 2018 saw an uplift in M&A activity in mining (particularly in coal), energy and utilities (10% market share).
- 3 Venture capital and private equity deals shine**

Venture capital fund investment activity continued to grow, with significant investments in start ups, particularly in the ICT sector, emerging industries and the healthcare sector. The number of public to private transactions tripled from 2017.

# Asia Pacific M&A in 2019

Predictions for the broader Asia Pacific M&A market for 2019 include:

- 1 Dry powder and borrower friendly conditions**

The surge of private equity and venture capital activity is expected to continue following the entrance of larger funds into the market, record levels of dry powder, borrower friendly conditions along with a continued increase in private equity deals with listed companies.
- 2 Technology, infrastructure and the push towards a green future**

For the past four years we have predicted a continued wave of technology focused deals including fintech, e-commerce and TMT. 2019 will be no exception.

Other sectors to watch will be infrastructure-like sectors and the changing nature of our energy and transportation networks across Asia Pacific, with increasing investor interest in renewables, recycling, green power and the financial sector.
- 3 Government reform encouraging investment**

Amidst political headwinds, 2018 saw Government reform in many jurisdictions intended to attract greater inbound foreign investment. Notable examples of investment-friendly reform include the new Foreign Investment Laws in Mainland China, the unified business licensing system in Indonesia, the relaxation by the Vietnamese government in approving overseas investment, and the new Companies Act in Myanmar. We expect to see more foreign investors taking advantage of these investor-friendly reforms and the increased market liberalisation.

(Source: Hebert Smith Freehills, Asia Pacific M&A Review for 2019)



## **IPOs and Capital Markets**

Ongoing trade tensions between China and the U.S. continued to impact Asia-Pacific IPO activity in the first half of 2019, inhibiting a return to 2018 levels.

In the Asia-Pacific region, 2019 IPOs across the region were down 12% by volume and 27% by proceeds compared with the first half of 2018. (Source: Nikkei Asian Review, “Investors remain upbeat on Asian IPOs”)

While these numbers are not ideal, IPOs on Asia-Pacific's main markets experienced average first day returns of around 19% and average current returns of approximately 33%.

Asia-Pacific continued to dominate global IPO activity year-to-date in 2019 by volumes, representing six of the top ten stock exchanges. By proceeds, the region accounted for three of the top ten exchanges.

- In Greater China, investors remained cautious, as H1 2019 volumes and proceeds were down 14% and 16%, respectively, relative to H1 2018.
- Greater China saw a modest increase in deal numbers (16% rise) in Q2 2019 over Q2 2018 but saw a small fall in proceeds (-4%), suggesting that Greater China IPO markets remain resilient despite geopolitical tensions.
- Japan's IPO markets remained stable through the end of the first half of 2019, with H1 2019 posting 5% more IPO deals than H1 2018, but proceeds fell due to lower average deal size.
- Geopolitical uncertainties, trade tensions and macroeconomic conditions in the Southeast Asia region continued to weaken IPO activity in H1 2019 as deal volumes declined 8%, while funds raised dropped 55% compared with H1 2018.
- Health care, technology and financials posted the highest proceeds on Asia-Pacific exchanges in H1 2019. By deal numbers, technology, industrials and health care top the list.
- Median deal size on Asia-Pacific's main markets rose to US\$53m in H1 2019, up 20% from H1 2018, while median IPO market cap increased 32% to US\$227.5m.

(Sources: E&Y - Global IPO Trends: Q2 2019 Report and Hebert Smith Freehills, Asia Pacific M&A Review for 2019)

(Below diagram source: E&Y - Global IPO Trends: Q2 2019 Report)

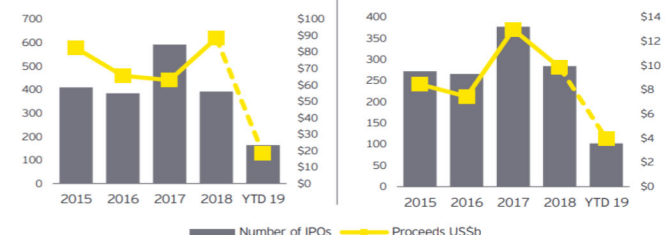
## Markets

| YTD 2019                   | Change on prior year | Q2 2019                    | Change on Q2 2018 |
|----------------------------|----------------------|----------------------------|-------------------|
| <b>266</b><br>IPOs         | ▼ 12%                | <b>141</b><br>IPOs         | ▲ 4%              |
| <b>\$22.3b</b><br>proceeds | ▼ 27%                | <b>\$14.3b</b><br>proceeds | ▼ 22%             |

All amounts in table are in US\$

### Main markets

| Q2 2019                    | Change on Q2 2018 | Q2 2019                   | Change on Q2 2018 |
|----------------------------|-------------------|---------------------------|-------------------|
| <b>88</b><br>IPOs          | ▲ 10%             | <b>53</b><br>IPOs         | ▼ 4%              |
| <b>\$11.9b</b><br>proceeds | ▼ 21%             | <b>\$2.3b</b><br>proceeds | ▼ 30%             |



All amounts in table are in US\$

## Activity Q2 2019

**Stock exchanges**  
by highest total proceeds

**Hong Kong (Main and GEM)**  
\$6.2b  
38 IPOs  
Hong Kong

**Shanghai (SSE)**  
\$3.3b  
15 IPOs  
China

**Shenzhen (Main and Chinext)**  
\$1.8b  
18 IPOs  
China

**Sectors**  
by highest number of IPOs

**Technology**  
25 IPOs  
\$1.6b

**Industrials**  
24 IPOs  
\$1.0b

**Consumer products**  
16 IPOs  
\$2.4b

**IPOs**  
largest by proceeds

**Ningxia Baofeng Energy Group Co., Ltd.**  
\$1.2b  
Materials  
China  
Shanghai (SSE)

**Shenwan Hongyuan Group Co., Ltd.**  
\$1.2b  
Financials  
China  
Hong Kong (HKEx)

**Hansoh Pharmaceutical Group Co., Ltd.**  
\$1.0b  
Health care  
China  
Hong Kong (HKEx)

All amounts in table are in US\$

## Trends

### Cross-border activity YTD 2019

**Asia-Pacific issuers' cross-border activity**  
Percentage of all Asia-Pacific issuers



**Cross-border**  
4.0% of all Asia-Pacific issuers\* listed abroad but within the Asia-Pacific region  
**11**  
IPOs

**Outbound**  
4.0% of all Asia-Pacific issuers\* listed outside Asia-Pacific  
**11**  
IPOs

**Inbound**  
7.1% of cross-border IPOs globally\*\* listed in Asia-Pacific but came from outside the region  
**3**  
IPOs

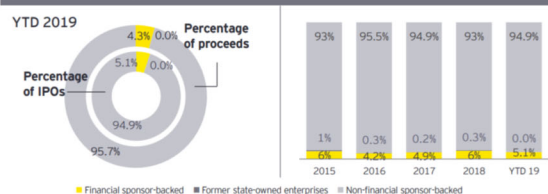
\*There were 274 IPOs by Asia-Pacific issuers in YTD 2019. This analysis is based on the listed company domicile, regardless of the listed company exchange.  
\*\* There were 42 cross-border IPOs globally in YTD 2019.

Although IPO activity was down in H1 2019 across the Asia-Pacific region, positive average first-day pops and average post-IPO performance continue to elevate IPO investor sentiment.

### Transaction sizes

|                            | Main markets          | Junior markets       |
|----------------------------|-----------------------|----------------------|
|                            | YTD 2019              | YTD 2019             |
| Median post-IPO market cap | <b>\$227.5m</b> ▲ 32% | <b>\$72.0m</b> ▲ 94% |
| Median deal size           | <b>\$53.0m</b> ▲ 20%  | <b>\$15.0m</b> ▲ 65% |

### Sources of IPOs

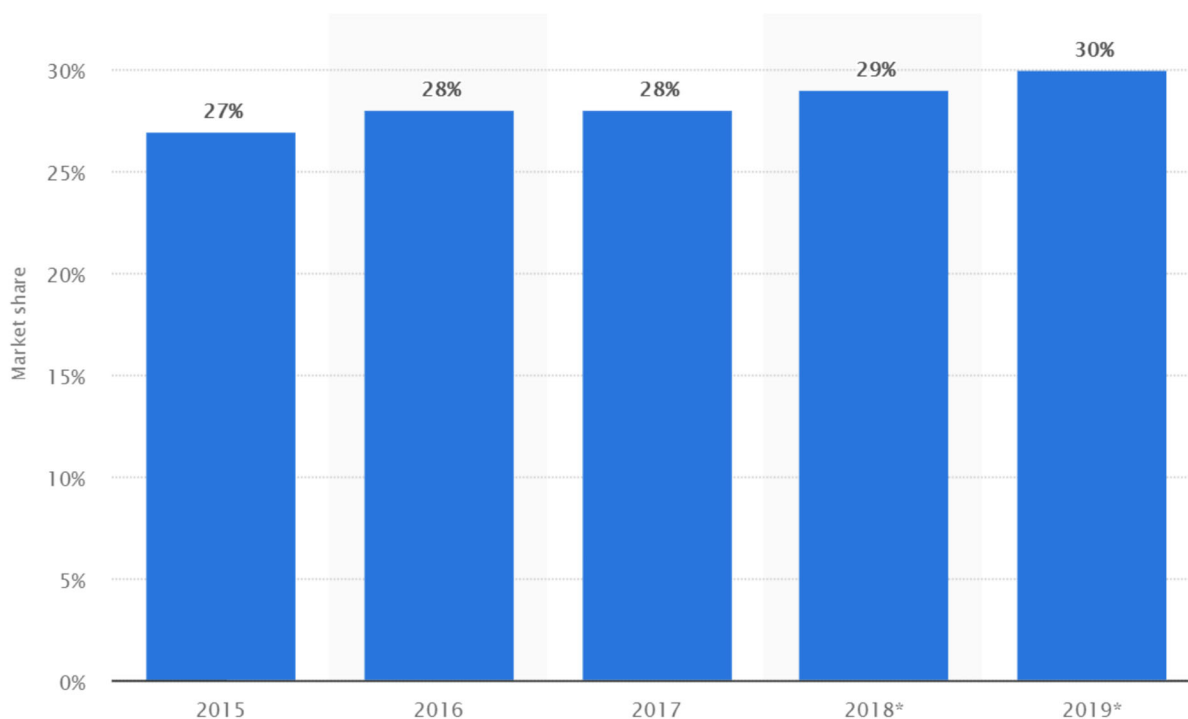


All amounts in table are in US\$. Figures may not total 100% due to rounding.

## Financial Services Markets

In 2019, it was predicted that financial consulting will account for a 30% share of the entire consulting industry in the Asia Pacific region. In 2019, the consulting industry is forecasted to reach a market size of approximately US\$53.6 billion. (Source: Consultancy.uk)

### Market share of financial consulting in the Asia Pacific region from 2015 to 2017 with forecasts until 2019



(Source: Statista and Consultancy.uk, 2019)

The above chart shows the export value of financial services from Singapore to Asia from 2000 to 2017. In 2017, the export value of financial services amounted to approximately 8.259 billion Singapore dollars.

## 4.4 Objectives and Milestones

### Objectives

Raffles' short-term objective is to expand its sustainable financial services business through provision of its Service Offerings.

Raffles will continue to use the expertise of the Founders in finance and technology, combined with its Representatives in Hong Kong and China to create synergies and a true "end-to-end solution" so that Mid-Market firms of all sizes and their owners can gain the expertise and advice they need in an economical manner.

Raffles has spent much of the last year (and more than 25 combined years among the Founders prior to forming Raffles) building up the skills, processes and modeling of how to deliver Raffles' Service Offerings. This has resulted in many strategic additions as the

processes have been better understood through experience and through planned enhancements. The end result is an innovative new suite of Service Offerings – typically found only in much larger investment banks at much higher professional fees and overall costs.

Raffles anticipates that its stated plans and strategic actions will result in various business areas seeing growth.

## **Milestones and Costs**

- 1. Expanded Marketing and Sales Efforts – Adding More Representatives.** Raffles plans to establish another 10 to 20 agreements with Representatives throughout Hong Kong and China in the short term. Each Representative pays to Raffles a minimum fixed fee between C\$100,000 to C\$500,000 per year.

Raffles plans to expand through the Financing and the recruiting of more Representatives in Hong Kong and China. Instead of Raffles investing capital in opening up its own offices and recruiting staff to grow Raffles' presence, Raffles will continue to recruit local Representatives to pitch Raffles' Service Offerings. With the available investment capital post-Financing, Raffles expects that even more projects and clients will be secured. Target: Q2 2020. Anticipated Costs: C\$2,500,000.

- 2. Invest in Businesses**

Raffles' plan is to invest up to C\$18,000,000 in business which meet its Investment Criteria and Guidelines. Of the C\$18,000,000, up to C\$6,000,000 will be spent on businesses that are preparing for public listing within 12-18 months and up to C\$6,000,000 will be spent on businesses that Raffles is providing advisory services to in connection with a public listing within 18 months.

Target: Q4 2020 Anticipated Costs: C\$18,000,000.

## **4.5 Employees**

Raffles has no employees as all persons doing work directly for Raffles are consultants. RFP has 5 employees.

## **4.6 Competitive Conditions and Position**

Other firms in the Singapore and Asian capital markets – such as Phillip Securities Pte Ltd. and GEREJE Corporate Finance – offer services and business models that do compete with Raffles. Phillip Securities Pte Ltd. is a privately held stock brokerage firm, headquartered in Singapore and operating in 15 countries.

Raffles has two primary competitors in the Mid-Market space:

- GEREJE Advisory Asia Pte Ltd, a MAS Exempt Corporate Finance Advisor; and
- GEREJE Corporate Finance, a Euro-Asian M&A firm.

GEREJE Advisory Asia Pte Ltd. is a boutique investment banking firm that provides financial advisory services focusing on the mergers and acquisitions. It was founded in 2007 and is headquartered in Singapore. GEREJE Corporate Finance was founded in Singapore in 2008 and opened a Paris office in 2010. The firm has access to more than 10,000 contacts, 5,000 companies and 1,200 funds & family offices.

Both companies claim to provide strategic and financial advisory services and the ability to structure and execute tailor-made mandates, drawing upon international experience.

Raffles plans to maintain the following competitive advantages:

- The methods and techniques that Raffles has developed are kept internal as a trade secret.
- Raffles' Singapore office is located near material infrastructure and is reachable by the global marketplace.
- The ability of Raffles to have both a Singapore head office and also Representatives in different locations throughout Hong Kong and China provides it extended market reach at reduced operating costs.
- The Financing provides Raffles new access to short-term capital that allows it to make selective investments in often time-critical situations that provide Raffles greater flexibility and hence, it should be able to attract a broader array of clients.
- The various Representative agreements in different geographies provide Raffles a reliable team of advisors that give it expanded credibility. Raffles believes that it is able to package projects quickly and at lower costs than its competitors. As the Asian financial and regulatory environment continues to positively evolve – and more complex and diverse financial instruments become available, Raffles' management believes it is well suited to continue to grow.

At the core of Raffles' competitive advantage is its related project, financial and technical management skills, as well as functional expertise in the key areas of structuring, public listing and access to capital.

#### **4.7 Lending and Investment Policies and Restrictions**

Not applicable.

#### **4.8 Bankruptcy or Receivership Proceedings**

Not applicable.

#### **4.9 Material Restructuring Transactions**

Raffles has not completed any restructuring transactions within the past three most recently completed financial years or the current financial year, with the exception of the Transaction.

#### **4.10 Social or Environmental Policies**

Not applicable.

#### **4.11 Available Funds and Principal Purposes**

As of March 31, 2020 the (pro forma) estimated working capital of Raffles was \$23,955,177, which includes available proceeds from the Financing. Raffles intends to use its available funds over the next 12 months as described in the table below. However, there may be circumstances where, for sound business reasons, a reallocation of the available funds may be necessary. The actual amount spent in connection with each of the intended uses of proceeds may vary significantly from the amounts specified below, and will depend on a number of factors,

including those referred to under "Risk Factors". However, it is anticipated that the available funds will be sufficient to satisfy Raffles' objectives over the next 12 months.

| <b>Milestone</b>   | <b>Timing of completion</b>         | <b>C\$</b>        |
|--|-------------------------------------|-------------------|
| Securing more Province Representatives   | By June 2020                        | 2,500,000         |
| Investing in businesses which meet its Investment Criteria and Guidelines, as more fully described in Item 4.1 | Between June 2020 and December 2020 | 18,000,000        |
| Unallocated working capital  | April 2020 to April 2021            | 3,455,177         |
| <b>TOTAL</b>   |                                     | <b>23,955,177</b> |

Until required for Raffles' purposes, all funds will be placed in interest bearing accounts of chartered banks and/or trust companies.

#### **4.12 Companies with Asset-backed Securities Outstanding**

Not applicable.

#### **4.13 Mineral Projects**

Not applicable.

#### **4.14 Issuers with Oil and Gas Operations**

Not applicable.

### **5. SELECTED CONSOLIDATED FINANCIAL INFORMATION**

#### **5.1 Financial Information – Annual Information**

The following table is a summary of selected financial information of Explorex for the years ended March 31, 2019 and 2018:

|   | <b>Year ended March 31,<br/>2019 (audited)</b> | <b>Year ended March 31,<br/>2018 (audited)</b> |
|---|--|--|
| Revenue   | Nil  | Nil  |
| Net Income (Loss)   | (\$1,371,976)                                  | (\$1,112,193)                                  |
| Basic and diluted earnings from continued operations (loss) per share | (\$0.07)                                       | (\$0.08)                                       |
| Total Assets  | \$795,764                                      | \$698,677                                      |
| Total Liabilities   | \$169,744                                      | \$106,731                                      |

A copy of Explorex's Annual Financial Statements previously filed with applicable securities commissions are available on its SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **Raffles Financial Private Limited**

The following table is a summary of selected financial information of RFP for the period from the date of incorporation (July 5, 2018) to June 30, 2019 and for the interim period ended December 31, 2019:

|                            | <b>Date of<br/>incorporation to<br/>June 30, 2019<br/>(audited)<br/>\$ Singapore</b> | <b>Six month period<br/>ended December<br/>31, 2019<br/>(unaudited)<br/>\$ Singapore</b> |
|----------------------------|--|--|
| Revenue                    | \$11,533,334   | \$5,466,672  |
| Total Comprehensive Income | \$9,560,301  | \$3,975,671  |
| Total Assets               | \$10,036,068   | \$7,409,697  |
| Total Liabilities          | \$9,375,767  | \$2,773,725  |

A copy of the RFP's Annual Financial Statements and RFP's Interim Financial Statements are attached as Schedules "A" and "B" to this Listing Statement.

### **Raffles**

A copy of the pro forma consolidated statement of financial position of Raffles as at December 31, 2019, giving effect to the closing of the Transaction, is attached as Schedule "D" to this Listing Statement.

## **5.2 Quarterly Information**

The following information is in respect of Explorex for the eight quarters preceding the date hereof:

| <b>Summary of quarterly results</b> | <b>Q3 December 31, 2019 \$</b> | <b>Q2 September 30, 2019 \$</b> | <b>Q1 June 30, 2019 \$</b> | <b>Q4 March 31, 2019 \$</b> | <b>Q3 December 31, 2018 \$</b> | <b>Q2 September 30, 2018 \$</b> | <b>Q1 June 30, 2018 \$</b> | <b>Q4 March 31, 2018 \$</b> | <b>Q3 December 31, 2017 \$</b> |
|-------------------------------------|--------------------------------|---------------------------------|----------------------------|-----------------------------|--------------------------------|---------------------------------|----------------------------|-----------------------------|--------------------------------|
| Revenues                            | Nil                            | Nil                             | Nil                        | Nil                         | Nil                            | Nil                             | Nil                        | Nil                         | Nil                            |
| Loss before other items             | (217,433)                      | (119,643)                       | (398,838)                  | (245,262)                   | (247,489)                      | (326,394)                       | (348,981)                  | (349,259)                   | (502,320)                      |
| Loss per share                      | (0.04)                         | (0.02)                          | (0.02)                     | (0.01)                      | (0.01)                         | (0.02)                          | (0.02)                     | (0.01)                      | (0.03)                         |

Copies of the respective unaudited interim financial statements for the interim periods listed above for Explorex are available on the Issuer's SEDAR profile at [www.sedar.com](http://www.sedar.com).

RFP does not have quarterly financial information, except as is presented above.

## **5.3 Dividends**

Raffles has not paid dividends in the past.

RFP has paid dividends. For the financial year ended June 30, 2019, RFP paid a dividend of S\$90 per RFP ordinary share. The total dividend paid to the shareholders of the Raffles was S\$9,000,000.

Future dividends for Raffles, if any, will be determined by the Board on the basis of earnings, financial requirements and other conditions existing at the time.

#### 5.4 Foreign GAAP

N/A

### 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

#### *Annual MD&A*

A copy of the Raffles' Annual MD&A and Interim MD&A, and related to its financial statements, previously filed with applicable securities commissions are available under the Issuer's SEDAR profile at [www.sedar.com](http://www.sedar.com).

#### *Raffles Financial Private Limited*

A copy of RFP's MD&A for period from the date of incorporation to June 30, 2019 and for the period ended December 31, 2019 (the "**RFP MD&A**") are attached to the Listing Statement along with the RFP financial statements for the same periods.

The RFP MD&A should be read in conjunction with the RFP financial statements. The RFP annual financial statements and RFP interim financial statements included in this Listing Statement have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

### 7. MARKET FOR SECURITIES

The Shares are listed and posted for trading on the CSE under the trading symbol "RICH".

### 8. CONSOLIDATED CAPITALIZATION

The following table sets out information regarding the Shares:

| Designation of Security | Amount Authorized | Shares Outstanding |
|-------------------------|-------------------|--------------------|
| Shares                  | 5,000,000,000     | 50,080,000         |

#### *Fully Diluted Share Capital*

|   | Anticipated Shares Outstanding (as of the effective date of the Transaction) |
|---|--|
| Shares issued and outstanding                             | 50,080,000   |
| Reserved for issuance pursuant to warrants <sup>(1)</sup> | 72,086   |
| Reserved for issuance pursuant to options                 | Nil  |



|   |                   |
|---|-------------------|
| <b>Total Shares Reserved for Issuance</b>       | <b>72,086</b>     |
| <b>Total Number of Fully Diluted Securities</b> | <b>50,152,086</b> |

**Note:**

(1) These warrants will be exercisable at \$10.12 per common share. 43,387 warrants expire July 3, 2020; 20,626 warrants expire November 27, 2020; and 8,073 warrants expire on December 19, 2020.

## **9. OPTIONS TO PURCHASE SECURITIES**

Raffles has adopted an incentive stock option plan (the “**Plan**”) which provides that the Board may from time to time, in its discretion, and in accordance with applicable stock exchange requirements, grant to directors, officers, employees and technical consultants to Raffles, non-transferable Options, provided that the number of Shares reserved for issuance will not exceed 10% of the issued and outstanding Shares. Such Options will be exercisable for a period of up to 10 years from the date of grant. The Plan was last approved by the shareholders of Explorex on March 9, 2020.

The purpose of the Plan is to allow Raffles to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Raffles. The granting of such options is intended to align the interests of such persons with that of the shareholders. The Plan will be administered by the Board and provide for grants of non-transferable options under the Plan at the discretion of the Board to directors, officers, consultants of, or consultants to, Raffles and its subsidiaries, or their permitted assigns (each an “**Eligible Person**”).

The exercise price of Options granted under the Plan will be determined by the Board. The exercise price must not be lower than the greater of the closing market price for the Shares as quoted on the CSE on (a) the trading day prior to the date of grant of the options, and (b) the date of grant of the options.

Options to acquire more than 5% of the issued and outstanding Shares may not be granted to any one person in any 12-month period.

The term of any Options granted under the Plan will be fixed by the Board and may not exceed ten years. Should an Eligible Person cease to qualify as an Eligible Person under the Plan prior to expiry of the term of their respective Options, those Options will terminate at the earlier of (i) the end of the period of time permitted for exercise of the Option or, (ii) one year after the option holder ceases to be an Eligible Person for any reason other than death, disability or just cause. If such cessation as an Eligible Person is on account of disability or death, the Options terminate on the first anniversary of such cessation, and if it is on account of termination of employment for just cause, the Options terminate immediately.

The Plan also provides for adjustments to outstanding options in the event of alteration in the capital structure of Raffles, merger or amalgamation involving Raffles or Raffles entering into a plan of arrangement. Moreover, upon a change of control, all Options outstanding under the Plan shall become immediately exercisable.

The directors of Raffles may, at their discretion at the time of any grant, impose a schedule over which period of time Options will vest and become exercisable by the optionee. If an Option is cancelled before its expiry date, Raffles may not grant new Options to the same holder until 30 days have elapsed from the date of cancellation.

Subject to any required approval of the CSE, the Board may terminate, suspend or amend the terms of the Plan, provided that for certain amendments, the Board must obtain shareholder approval.

The Board has not proceeded with a formal evaluation of the implications of the risks associated with Raffles' compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation program, and the Board does not believe that the Issuer's compensation program results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on Raffles.

## **10. DESCRIPTION OF THE SECURITIES**

### **10.1 Description of the Securities**

Raffles has an authorized share capital of 5,000,000,000 Shares of par value \$0.001 per Share. As long as Raffles has sufficient unissued share capital within its authorized share capital, under the Companies Act and the Memorandum and Articles of Association of Raffles, the Board may authorize and issue additional shares of different classes and designate the rights and privileges (including voting rights, distribution rights, rights to return of capital and other rights) attaching to those classes of shares. Raffles will not create another class of shares without the prior written consent of the CSE.

#### *Voting Rights*

The holders of Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of Raffles and each Share confers the right to one vote in person or by proxy at all meetings of the shareholders of Raffles.

#### *Dividend Rights*

Subject to any rights and restrictions of any other class or series of shares outstanding (of which there are currently none), the Board may, from time to time, declare dividends on the issued Share and authorize payment of the dividends out of Raffles' lawfully available funds (and otherwise subject to the provisions of the Companies Law including with respect to solvency).

#### *Rights upon Liquidation*

In the event of the liquidation of Raffles, after the full amounts that holders of any issued shares ranking senior to the Shares (there are currently no such shares authorized for issuance) plus creditors as to distribution on liquidation or winding up are entitled to receive have been paid or set aside for payment, the holders of Shares would be entitled to receive, pro rata, any remaining assets of Raffles available for distribution to the holders of Shares.

#### *No Liability for Further Calls or Assessments*

All Shares will be issued as fully paid and non-assessable. As such, shareholders of Raffles shall have no liability in respect of unpaid shares, either in whole or in part. The Memorandum and Articles of Association provides that no Share can be issued prior to Raffles receiving payment in full for such shares.

#### *No Pre-emptive Rights*

Holders of Shares would have no pre-emptive or preferential right to purchase any securities of Raffles.

### *Redemption and Conversion*

The Shares would not be convertible into shares of any other class or series or be subject to redemption either by Raffles or the holder of the Shares.

### *Repurchases of Outstanding Shares*

Under the Memorandum and Articles of Association but subject to the provisions of the Companies Law, Raffles may, if authorized by the Board, purchase any issued Shares in circumstances and on terms determined by the directors and agreed by the holder(s) of such shares.

However, Raffles may not purchase issued Shares at any time when, immediately following such purchase, it would be unable to pay its debts as they fall due in the ordinary course of business.

Subject to the Companies Act and applicable securities laws, including issuer bid rules, Raffles may, from time to time, with the agreement of a holder, purchase all or part of the holder's Shares whether or not Raffles has made a similar offer to all or any other of the holders of Shares. Unless designated by the Board to be held as "Treasury Shares", any repurchased Shares will be treated as cancelled and such Shares will be available for re-issue as determined by the Board.

This is consistent with the situation for companies under the *Business Corporations Act* (British Columbia).

## **10.2 Debt Securities**

Not applicable.

## **10.3 Other Securities**

Not applicable.

## **10.4 Modification of Terms**

Not applicable.

## **10.5 Other Attributes**

Not applicable.

## **10.6 Prior Sales**

The following table summarizes the issuances of securities of Explorex and Raffles within 16 months prior to the date hereof. Except where noted, the issuances are set out on pre-Consolidation basis:

| <b>Date of Issue</b> | <b>Description</b>               | <b>Number of Shares</b> | <b>Price per Share</b> | <b>Total Issue Price</b> |
|----------------------|----------------------------------|-------------------------|------------------------|--------------------------|
| December 19, 2018    | Private Placement <sup>(1)</sup> | 84,000                  | \$0.25                 | \$21,000                 |
| December 19, 2018    | Private Placement <sup>(2)</sup> | 335,000                 | \$0.32                 | \$107,200                |

| Date of Issue                 | Description   | Number of Shares             | Price per Share       | Total Issue Price |
|-------------------------------|---|------------------------------|-----------------------|-------------------|
| January 28, 2019              | Stock Option Exercise   | 50,000                       | \$0.13                | Nil               |
| February, 2019                | Warrant Exercise  | 278,122                      | \$0.1669              | Nil               |
| March 2019                    | Warrant Exercise  | 201,877                      | Various               | Nil               |
| April 2019                    | Option Agreement Termination <sup>(3)</sup>                   | 34,500                       | \$0.26 <sup>(4)</sup> | \$8,970           |
| May 2019                      | Debt Settlement   | 400,000                      | \$0.25 <sup>(4)</sup> | \$100,000         |
| June 2019                     | Option Agreement  | 220,205 <sup>(5)</sup>       | \$0.18 <sup>(4)</sup> | \$39,637          |
| July 2019                     | Option Agreement <sup>(6)</sup>                               | 197,904                      | \$0.25 <sup>(4)</sup> | \$49,476          |
| September 2019                | Private Placement   | 1,636,825                    | \$0.20                | \$327,365         |
| September 2019 <sup>(7)</sup> | Stock Option Exercise   | 175,000                      | Various               | Nil               |
| September 2019 <sup>(7)</sup> | Warrant Exercise  | 186,667                      | Various               | Nil               |
| November 2019                 | Private Placement   | 361,000                      | \$0.20                | \$72,200          |
| March 2020                    | Private Placement   | 2,272,900                    | \$0.22                | \$500,038         |
| April 29 2020                 | Pursuant to Share Exchange Agreement                          | 45,000,000 <sup>(8)(9)</sup> | \$5.00 <sup>(4)</sup> | \$225,000,000     |
| April 29, 2020                | Finder's fee payable pursuant to the Share Exchange Agreement | 30,000 <sup>(8)(9)</sup>     | \$5.00                | \$150,000         |
| April 29, 2020                | Private Placement   | 4,000,000 <sup>(8)(9)</sup>  | \$5.00                | \$20,000,000      |

**Notes:**

- (1) Offering of units, with each unit consisting of one common share and one half of a share purchase warrant.
- (2) Offering of non-flow through units, with each unit consisting of one common share and one half of a share purchase warrant.
- (3) Granted pursuant to a mutual release agreement associated with the termination of Raffles' Cobalt-Paragon property option agreement.
- (4) Deemed.
- (5) Of the 8,486 shares issued, 7,707 shares with a fair value of \$36,000 were granted pursuant to the option agreement for the Buena Vista Project, and 779 shares with a fair value of \$3,637 were granted pursuant to an underlying commitment relating to the Buena Vista Project.
- (6) Granted pursuant to the option agreement for the Kagoot Brook Cobalt Project.
- (7) Exercised during the period ended September 30, 2019.
- (8) Issued pursuant to Share Exchange Agreement
- (9) Issued on a post-Consolidation basis.

The following table summarizes the issuances of securities of RFP within 12 months prior to the date hereof:

| Date of Issue  | Description | Number of Securities | Price per Security | Total Issue Price |
|----------------|-------------|----------------------|--------------------|-------------------|
| April 18, 2019 | Allotment   | 100,000              | S\$1.00            | S\$100,000        |

## 10.7 Stock Exchange Price

The Shares are listed on the CSE under the symbol "RICH". The following table sets out the high and low trading price and volume of trading of Shares on the CSE. Prior to April 29, 2020, the Shares were listed on the CSE under the symbol "EX". The Shares were halted from trading on December 23, 2019 pending completion of the Transaction.

| Period                        | High (\$) | Low (\$) | Volume    |
|-------------------------------|-----------|----------|-----------|
| April 2020                    | 0.18      | 0.18     | 0         |
| March 2020                    | 0.18      | 0.18     | 0         |
| February 2020                 | 0.18      | 0.18     | 0         |
| January 2020                  | 0.18      | 0.18     | 0         |
| December 2019                 | 0.2       | 0.15     | 63,600    |
| November 2019                 | 0.21      | 0.165    | 221,582   |
| October 2019                  | 0.23      | 0.18     | 227,936   |
| July 1 - September 30, 2019   | 0.25      | 0.15     | 1,143,789 |
| April 1 - June 30, 2019       | 0.29      | 0.2      | 2,384,619 |
| January 1 – March 31, 2019    | 0.4       | 0.205    | 2,249,937 |
| October 1 – December 31, 2018 | 0.45      | 0.23     | 3,110,298 |
| July 1 - September 30, 2018   | 0.41      | 0.25     | 1,236,167 |
| April 1 - June 30, 2018       | 0.4       | 0.275    | 1,408,789 |
| January 1 – March 31, 2018    | 0.445     | 0.27     | 2,136,559 |

## 11. ESCROWED SECURITIES

As required under the policies of the CSE, Principals of Raffles entered into an escrow agreement as if the company was subject to the requirements of National Policy 46-201 – *Escrow for Initial Public Offerings* (“NP 46-201”). Escrow releases are scheduled at periods specified in NP 46-201 for emerging issuers. The form of the escrow agreement is as provided in NP 46-201.

The table below includes the details of escrowed securities that are held by Principals of Raffles:

| Name of Securityholder | Designation of Class Held in Escrow | Number of Securities Held in Escrow | Percentage of Class <sup>(1)</sup> |
|------------------------|-------------------------------------|-------------------------------------|------------------------------------|
| Charlie In             | Shares                              | 16,200,000                          | 40.0%                              |
| Victor Liu             | Shares                              | 16,200,000                          | 40.0%                              |
| Abigail Zhang          | Shares                              | 8,100,000                           | 20.0%                              |
|                        | <b>Total</b>                        | 40,500,000                          | <b>100.0%</b>                      |

Note:

(1) 50,080,000 Shares are issued and outstanding on an undiluted basis.

The escrowed securities shall be released according to the following schedule:

|  |   |
|--|---|
| The date Shares are listed on the CSE (the "Listing Date") | 1/10 of the Escrow Securities           |
| 6 months after the Listing Date                            | 1/6 of the remaining Escrow Securities  |
| 12 months after the Listing Date                           | 1/5 of the remaining Escrow Securities  |
| 18 months after the Listing Date                           | 1/4 of your remaining Escrow Securities |
| 24 months after the Listing Date                           | 1/3 of the remaining Escrow Securities  |
| 30 months after the Listing Date                           | 1/2 of the remaining Escrow Securities  |
| 36 months after the Listing Date                           | remaining Escrow Securities             |

## 12. PRINCIPAL SHAREHOLDERS

There are 50,080,000 issued and outstanding Shares as of the date hereof. To the best knowledge of Raffles, no persons hold directly or indirectly or exercise control or direction over, Shares carrying 10% or more of the voting rights attached to all issued and outstanding Shares except as set out in the table below. The Shares owned by insiders have identical voting rights as those owned by other shareholders.

| Name          | Amount and Nature of Beneficial Ownership of Shares | Percentage of Issued Shares | Percentage of Issued Shares Fully Diluted |
|---------------|---|-----------------------------|---|
| Charlie In    | 16,200,000  | 31.9%                       | 31.9%                                     |
| Victor Liu    | 16,200,000  | 31.9%                       | 31.9%                                     |
| Abigail Zhang | 8,100,000   | 16.2%                       | 16.2%                                     |

## 13. DIRECTORS AND OFFICERS

### 13.1 Directors and Executive Officers of Raffles

The directors and officers of Raffles are set out below:

| Name, municipality of residence and position with Resulting Issuer                 | Principal occupation during the last five years            | Date of appointment as director or officer | Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed <sup>(1)(4)</sup> |
|--|--|--|--|
| <b>Charlie (Nany Sing) In</b><br><i>Singapore</i><br>Chairman, Director            | See detailed description below under "Management Details". | April 28, 2020                             | 16,200,000<br>(31.9%)  |
| <b>Victor (Chang Sheng) Liu</b><br><i>Singapore</i><br>Chief Executive Officer and | See detailed description below under "Management Details". | April 28, 2020                             | 16,200,000<br>(31.9%)  |

| <b>Name, municipality of residence and position with Resulting Issuer</b>                                 | <b>Principal occupation during the last five years</b>     | <b>Date of appointment as director or officer</b> | <b>Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed<sup>(1)(4)</sup></b> |
|---|--|---|--|
| Director  |  |   |  |
| <b>Abigail (Li Ying) Zhang</b><br><i>Singapore</i><br>Chief Investment Officer and Director               | See detailed description below under “Management Details”. | April 28, 2020                                    | 8,100,000<br>(15.9%)   |
| <b>Dong Shim</b><br><i>Vancouver, British Columbia, Canada</i><br>Chief Financial Officer                 | See detailed description below under “Management Details”. | April 28, 2020                                    | Nil<br>(0.0%)  |
| <b>Kit Chan</b><br><i>Hong Kong</i><br>Director   | See detailed description below under “Management Details”. | April 28, 2020                                    | Nil<br>(0.0%)  |
| <b>Mike Zhou<sup>(2) (3)</sup></b><br><i>Vancouver, British Columbia, Canada</i><br>Director              | See detailed description below under “Management Details”. | August 15, 2019                                   | Nil<br>(0.0%)  |
| <b>David Anthony Bruzzisi<sup>(2) (3)</sup></b><br><i>Vancouver, British Columbia, Canada</i><br>Director | See detailed description below under “Management Details”. | April 28, 2020                                    | Nil<br>(0.0%)  |
| <b>Lily (Haopu) Ren<sup>(2) (3)</sup></b><br><i>Vancouver, British Columbia, Canada</i><br>Director       | See detailed description below under “Management Details”. | April 28, 2020                                    | Nil<br>(0.0%)  |
| <b>Monita Faris</b><br><i>North Vancouver, B.C.</i><br>Corporate Secretary                                | See detailed description below under “Management Details”. | September 7, 2017                                 | Nil  |

**Notes:**

- (1) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of management of Raffles and has been furnished by the respective individuals.
- (2) Member of the audit committee.
- (3) Independent director.
- (4) Based on issued and outstanding Resulting Shares of 50,080,000.

### **13.2 Period of Service of Directors**

Mike Zhou has been a director of Raffles since August 15, 2019 and the other directors have been directors since April 28, 2020 on closing of the Transaction. Each director will hold office until the conclusion of the next annual general meeting of Raffles, in accordance with its constating documents.

### **13.3 Directors and Executive Officers Common Share Ownership**

The directors and executive officers of Raffles as a group, directly or indirectly, beneficially own or exercise control or direction over 40,500,000 Shares, representing approximately 80.9% of the issued and outstanding Shares.

### **13.4 Committees**

Raffles has an audit committee consisting of Mike Zhou, David Anthony Bruzzisi and Lily (Haopu) Ren, each of whom is financially literate in accordance with National Instrument 52-110 *Audit Committees* ("NI 52-110"). Mike Zhou, David Anthony Bruzzisi and Lily (Haopu) Ren are independent, as defined under NI 52-110.

The Board may from time to time establish additional committees.

### **13.5 Principal Occupation of Directors and Executive Officers**

Information on directors and executive officers' principal occupation is set out in section 13.11 – *Management Details*.

### **13.6 Corporate Cease Trade Orders or Bankruptcies**

Except as disclosed below, no director or officer of Raffles or a shareholder holding a sufficient number of securities of Raffles to affect materially the control of Raffles, is, or within 10 years before the date hereof has been, a director or officer of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under securities law, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.



Dong Shim is the Chief Financial Officer of Canamex Gold Corp., which is the subject of a cease trade order dated May 6, 2019 for failure to file annual financial statements for the year ended December 31, 2018. The required documents were filed on September 25, 2019 and the company is currently waiting for a revocation order.

### **13.7 Penalties or Sanctions**

No director or officer of Raffles, or a shareholder holding a sufficient number of Raffles' securities to affect materially the control of Raffles, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

### **13.8 Settlement Agreements**

Not applicable.

### **13.9 Personal Bankruptcies**

No director or officer of Raffles, or a shareholder holding sufficient securities of Raffles to affect materially the control of Raffles, or a personal holding company of any such persons has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

### **13.10 Conflicts of Interest**

The directors of Raffles are required by law to act honestly and in good faith with a view to the best interests of Raffles and to disclose any interests, which they may have in any project or opportunity of Raffles. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his or her interest and abstain from voting on such matter.

To the best of Raffles' knowledge, there are no known existing or potential conflicts of interest among Raffles, directors, officers or other members of management of Raffles as a result of their outside business interests except that certain directors and officers may serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to Raffles and their duties as a director or officer of such other companies. See "*Risk Factors*".

### **13.11 Management Details**

The following sets out details of the directors and management of Raffles:

#### ***Charlie In, Chairman of the Board, Director, Age 63***

Charlie In's experience covers sales, marketing, operations, finance, restructuring, M&A, capital sourcing, investments, divestment, IPOs and reverse takeovers.

Mr. In's principal occupations during the past five years have been acting as Chairman of Raffles Capital Ltd. from December 2014 to March 2019 and as Chairman of RFP since its incorporation.

Mr. In was instrumental in investing and arranging the public listing of several People's Republic of China ("PRC") companies outside China. He was the Chairman of Direct Marketing Association of Singapore from 1987 to 1995, advisor to Asia Pacific Management Institute, Sapphire Corporation, Sky China Petroleum and Ying Li Property.

Mr. In was formerly the Chairman of the Board of Sino-Environment Technology Ltd. in 2011, Asia Fashion Holdings Ltd. in 2014 and Cedar Strategic Holdings Ltd, from April 2010 to June 2015, all of which are listed on the Singapore Stock Exchange.

He was also formerly the Chairman of Raffles Capital Ltd. from December 2014 to March 2019 and Sino-Excel Energy Ltd. from April 2012 to September 2014, which are listed on the Australian Stock Exchange.

Mr. In was also an adjunct faculty member of the Singapore Institute of Management for 20 years and for 17 years at the University of South Australia. In addition, he was the advisor to Talent Advisory Panel of the People's Association in Singapore for 10 years.

Mr. In is the first Singaporean to be honored as the Most Respected Financial Writer of the Year Award at the 2010 Golden Mulberry Award (Business/Finance) and of The Big Ben Award, organized by the British Chinese Youth Federation.

His book entitled "Family Financial Freedom" was published in Chinese by Tsinghua University Press in 2010. His latest Chinese book, "The A to Z of Achieving Abundance for Financial Freedom" hit China's top chart within months of release in September 2017. Charlie holds a marketing diploma from the UK Chartered Institute of Marketing, MBA from University of East Asia, Macau and post-graduate qualification from ADMA/Macquarie University of Australia.

Mr. In will spend 100% of his available time on the affairs of Raffles. Mr. In is not a party to any written non-competition or confidentiality agreement with Raffles. He is an independent contractor of Raffles.

***Victor Liu, Chief Executive Officer and Director, Age 44***

Dr. Victor (Chang Sheng) Liu was awarded a doctoral degree in hedge fund management by Beijing Normal University in 2001. He obtained his master's degree in international economics and finance from China Central University of Finance and Economics in 1999. Dr. Liu graduated from Henan University of Science and Technology with a bachelor's degree in International Trade in 1997.

Dr. Liu was also awarded an Executive Master of Business Administration degree by Peking University specializing in public listing and fund raising in 2011.

From 2001 to 2003, Dr. Liu was the GM for Agilent North China and was responsible for its entire telecommunications business operations there. Between 2003 and 2006, Dr. Liu ran his telecommunications business representing major global players in China and Europe. In 2006, he was invited to join Wuhan Iron and Steel Group Finance as a specialist to grow and expand their financial business.

By 2009, he started Hualing Investment Holding Group, providing investment risk management and control; fund management; banking operating systems, standards and support. From 2011

to 2015, he was Deputy Head at China Construction Bank Henan Branch, and responsible for its entire personal and corporate banking business.

Dr. Liu acted as the Executive Director of GuoRong China Finance Bank (Beijing) Asset Management (a fund management and asset management company) and eCapital (China) Finance Leasing (an investment and financial leasing company). Dr. Liu co-founded both companies in 2015. GuoRong has made investments of C\$20,000,000 and eCapital has made investments of C100,000,000. Raffles intends to invest in convertible bonds and shares. Dr. Liu's previous companies invested in asset-backed investments such as convertibles, assets or shares. ECapital was very successful in its investment and leasing business until it was overwhelmed by private equity funding. GuoRong's business strategy evolved to asset management, instead of proprietary direct investment.

Dr. Liu has both an academic foundation and hands-on experience in all facets of banking and finance. He has in-depth experience and exposure to international trade & finance. He is familiar with economic policies, financial theory and modern commercial bank risk management know-how.

Dr. Liu has legal, credit, and financial expertise and practice and has comprehensive analytical skills. He obtained his international qualification certification of FAM - Financial Risk Manager from GARP - Global Risk Management Association, and also qualified for fund management.

Dr. Liu's principal occupations for the past five years have been to co-found eCapital (China) Finance Leasing (2015-2018) and to work for RFP (since 2018).

Dr. Liu will spend 100% of his available time on the affairs of Raffles. Dr. Liu is not a party to any written non-competition or confidentiality agreement with Raffles. He is an independent contractor of Raffles.

***Abigail Zhang, Chief Investment Officer, Director, Age 36***

Abigail Zhang's principal occupation within the past five years has been to serve as the director of Marvel Earn Ltd. since August 2008. The firm provides investments and advisory services to Chinese companies seeking overseas listing and fund raising. She has worked with companies in the bio-tech, energy, mining, property and service industries and her experience covers working closely with investment banks, auditors, lawyers, valuers and other professionals to prepare companies for IPO, RTO and M&A matters.

Ms. Zhang is dynamic and understands the complexities of capital markets and the type of solutions that Mid-Market companies need. She has expertise in strategic planning and corporate finance.

After graduating with a marketing diploma in 2003, Ms. Zhang started work for a Beijing bio-tech company as sales supervisor responsible for training and development. From 2005 to 2006, she was marketing manager for a Beijing pharmaceutical firm responsible for franchise development and investment. From 2007 to 2009, she worked for a Singapore-based investment firm to help analyze, audit, arrange and coordinate the firm's investment activities in China.

In 2010, Ms. Zhang led an investment into an energy mining business in Yunnan and Qinhuaogdao and listed the firm on the Australian Stock Exchange in April 2012. She served as their executive director until September 2014.

Since March 2015, she has served as executive director (responsible for acquisitions & investments) of Raffles Capital Ltd., a diversified financial services company.

In 2018, she secured the collaboration and white-labeling of Exante.eu, a platform with 88,000 investment instruments that provides a one-stop 24/7 investment portal offering of shares, debts, indices, futures, funds, unit-trusts, forex including crypto funds of leading exchanges to investors.

Ms. Zhang is also director of Wealth Institute, which provides wealth management advisory, arrangement and A-investor services to PRC entrepreneurs.

Ms. Zhang will spend 100% of her available time on the affairs of Raffles. Ms. Zhang is not a party to any written non-competition or confidentiality agreement with Raffles. She is an independent contractor of Raffles.

***Dong Shim, Chief Financial Officer, Age 36***

Mr. Dong H. Shim is a member of the Chartered Professional Accountants of British Columbia and a Certified Public Accountant registered in the State of Illinois, United States.

Mr. Shim has served as an audit partner on numerous audit engagements with a mid-size firm located in Vancouver, British Columbia, where he audited various publicly traded companies, primarily focusing on junior mining, oil and gas, pharmaceutical, and high-tech industries. As an audit partner, Mr. Shim also assisted various start-up companies in achieving public listings on the TSX Venture Exchange, Canadian Securities Exchange and the OTC Market.

Mr. Shim's principal occupation within the past five years is being a partner and founder of Shim & Associates LLP (June 2013 to present) and Golden Tree Capital Corp. (November 2015 to present) providing accounting and other business advisory services to numerous companies in various industries.

Mr. Shim is a director of National Securities Administrators Ltd. (May 2017 to present), Chief Financial Officer and a director of Body and Mind Inc. (December 2016 to present), Chief Financial Officer for E-Play Digital Inc. (November 2016 to present), Chief Financial Officer for Arizona Silver Exploration Inc. (August 2017 to present), Chief Financial Officer for Canamex Resources Corp. (August 2017 to present), Chief Financial Officer for Mission Ready Solutions Inc. (June 2017 to present), Chief Financial Officer for Organimax Nutrient Corp. (April 2018 to present), Chief Financial Officer for Vanc Pharmaceuticals Inc. (February 2018 to September 2018), Chief Financial Officer of Predictive Health Analytics Inc. (March 2018 to present) and interim Chief Financial Officer of Reliq Health Technologies Inc. (November 2018 to present).

Mr. Shim will spend not less than 20% of his available time on the affairs of Raffles. Mr. Shim is not a party to any written non-competition or confidentiality agreement with Raffles. He is an independent contractor of Raffles.

***Kit Chan, Director, Age 37***

Mr. Kit Chan was formerly the CFO and Company Secretary at China Flexible Packaging Holdings Limited ("**China Flexible**"). China Flexible is a leading manufacturer of packaging film in PRC and is listed on the main board of the Singapore Stock Exchange (symbol: CFLX). Since joining China Flexible in 2011, Kit had been in charge of the overall control of its finance department and is responsible for overseeing the group's financial management functions, corporate finance activities, corporate governance and practices.

During his tenure, Mr. Chan has led several share restructuring exercises, fund-raising activities (including obtaining bank loans and a rights cum warrants issue) as well as directed a general offer for the purpose of privatisation. China Flexible was successfully delisted at the end of

2017. Kit is also currently the independent non-executive director of Universe Printshop Holdings Limited, a Hong Kong printing service operator (HK GEM Board, symbol: 8448).

Over the last two years, Mr. Chan has been establishing a framework of reporting requirements in respect of financial accounting, internal control and corporate governance for the purpose of public listing on the HK GEM Board. From June 2017 to June 2018, he served as the independent non-executive director of Hua Han Health Industry Holdings Limited, a PRC manufacturer of bio- pharmaceutical products (HK Main Board symbol: 587).

Prior to his role with China Flexible, Mr. Chan had several years of audit experience at an international audit firm, BDO (formerly known as Grant Thornton). Mr. Chan held a supervisory auditing position, performing financial audits for a broad range of engagements with private and listed companies.

Mr. Chan is a Certified Public Accountant and a member of the Hong Kong Institute of Certified Public Accountants (HKICPA). He is also a Chartered Company Secretary and member of the Hong Kong Institute of Chartered Secretaries (HKICS) and the Institute of Chartered Secretaries and Administrators (ICSA).

Mr. Chan graduated from the Hong Kong Polytechnic University with a Master's degree in Corporate Governance and a Bachelor's Degree in Accountancy.

Mr. Chan will spend not less than 20% of his available time on the affairs of Raffles. Mr. Chan is not a party to any written non-competition or confidentiality agreement with Raffles. He is an independent contractor of Raffles.

***Mike Zhou, Director, Age 28***

Mr. Mike Zhou joined the Board of Directors of Raffles in August 2019.

Over the past decade, Mr. Zhou has amassed a unique resume, covering capital markets, international business strategy and the technology sector. In recent years, he has held management positions and director roles throughout the FinTech, digital marketing, consulting, and financial sectors.

From 2013 to 2015, Mr. Zhou was the Manager of Corporate Development with BiYond (China) Corp. Under his management, the firm successfully launched a multi-million dollar FinTech Joint Venture and structured the Merger & Acquisition of a Digital Marketing Corporation.

In late 2015, Mr. Zhou also Co-Founded a private investment and consulting firm.

Mr. Zhou was recently with PI Financial Corp., a privately-owned Canadian brokerage firm, where he worked directly with the Vice President and Managing Director as an Analyst and Associate. Mike holds a Bachelor of Science Degree in Statistics and Economics with Minor in Commerce (Saunders School of Business) from the University of British Columbia. He also holds the Project Management Professional designation from the Project Management Institute (PMI).

Mr. Zhou will spend 25% of his available time on the affairs of Raffles. Mr. Zhou is not a party to any written non-competition or confidentiality agreement with Raffles. He is an independent contractor of Raffles.

***David Anthony Bruzzisi, Director, Age 70***

Mr. David Anthony Bruzzisi (known as David Anthony) has over 45 years' experience in the capital markets in a diverse range of positions including market consultant, fund manager, investor, promoter, venture capitalist and investment broker who has undertaken the public listing of the capital common stock in dozens of private companies. In 1986, David Anthony co-founded the Professional Canadian Investment Group ("ProCan"). Over the next 12 years, through ProCan, Mr. Anthony funded more than 20 companies - all at various stages of development. In 1996, David Anthony founded Two Lions Investments Ltd. Through this company Mr. Anthony help fund a start-up company called Net1 UEPS Technologies [NASDAQ:UEPS] and became the Co-Founding Director of UEPS. Today, UEPS trades on the NASDAQ. His principal occupation within the past five years has been a Businessman.

Mr. Anthony will spend will spend 100% of his available time on the affairs of Raffles. Mr. Anthony is not a party to any written non-competition or confidentiality agreement with Raffles. He is an independent contractor of Raffles.

### **Lily (Haopu) Ren, Director, Age 30**

Ms. Lily Ren graduated with Bachelor of Science in Accounting and Finance from London School of Economics and Political Science in 2012. After her graduation, she worked for Cedar Strategic Holdings Limited, to evaluate business opportunities for multiple industries, including locations around Asia. Between 2013 and 2014, Ms. Ren served as Personal Banker of the United Overseas Bank Limited, one of the major local banks in Singapore. She provided financial advising services to clients of various cultural background, and maintained strong client relationships via in-depth analysis of needs.

In 2016, Ms. Ren obtained her Master of Health Leadership and Policy (MHLP) at the University of British Columbia.

After graduation, Ms. Ren served as a Financial Advisor at Scotiabank, which is her principal occupation. Ms. Ren holds her Registered Financial and Retirement Advisor (Part 1) (CIFP) designation and Mutual Fund License (IFSE Institute). Ms. Ren is familiar with the corporate governance, public disclosure, announcements and financial reporting in public companies. She has cross-disciplinary knowledge and skills in health care, financial institutions and sustainability.

Ms. Ren will spend 20% of her available time on the affairs of Raffles. Ms. Ren is not a party to any written non-competition or confidentiality agreement with Raffles. She is an independent contractor of Raffles.

### **Monita Faris, Corporate Secretary, Age 53**

Ms. Faris is the Corporate Secretary of Raffles. Her principal occupation within the past five years has been to work as a consultant providing corporate and securities compliance services to private and public companies. She has provided compliance services for the past 17 years.

Ms. Faris obtained her B.A. in English from the University of Central Florida. She actively attends securities programs and courses offered by the BCSC, the Continuing Legal Education Society of B.C. and the Toronto Stock Exchange.

Ms. Faris will spend 10-15% of her available time on the affairs of Raffles and has not entered into a non-competition or non-disclosure agreement with Raffles. She is an independent contractor of Raffles.

#### 14. CAPITALIZATION

Raffles' issued capital consists of 50,080,000 Shares and 72,086 share purchase warrants.

|  | Number of Securities (non-diluted) | Number of Securities (fully-diluted) | % of Issued (non-diluted) | % of Issued (fully diluted) |
|--|------------------------------------|--------------------------------------|---------------------------|-----------------------------|
| <b>Public Float</b>  |                                    |                                      |                           |                             |
| Total outstanding (A)  | 50,080,000                         | 50,152,086                           | 100%                      | 100%                        |
| Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B) | 40,500,000                         | 40,500,000                           | 80.87%                    | 80.75%                      |
| Total Public Float (A-B)   | 9,580,000                          | 9,652,086                            | 19.13%                    | 19.25%                      |
|  |                                    |                                      |                           |                             |
| Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)  | 40,500,000 <sup>(1)</sup>          | 40,500,000 <sup>(1)</sup>            | 80.87%                    | 80.75%                      |
| Total Tradeable Float (A-C)  | 9,580,000                          | 9,652,086                            | 19.13%                    | 19.25%                      |

**Public Securityholders (Registered)**

| <b>Class of Security</b> |                          |                                   |
|--------------------------|--------------------------|-----------------------------------|
| <b>Size of Holding</b>   | <b>Number of holders</b> | <b>Total number of securities</b> |
| 1 – 99 securities        | 0                        | 0                                 |
| 100 – 499 securities     | 2                        | 359                               |
| 500 – 999 securities     | 3                        | 2,127                             |
| 1,000 – 1,999 securities | 3                        | 4,205                             |
| 2,000 – 2,999 securities | 7                        | 15,370                            |
| 3,000 – 3,999 securities | 1                        | 3,827                             |
| 4,000 – 4,999 securities | 7                        | 29,899                            |
| 5,000 or more securities | 26                       | 9,195,571                         |
| <b>TOTAL</b>             | <b>49</b>                | <b>9,251,358</b>                  |

**Public Securityholders (Beneficial)**

| <b>Class of Security</b> |                          |                                   |
|--------------------------|--------------------------|-----------------------------------|
| <b>Size of Holding</b>   | <b>Number of holders</b> | <b>Total number of securities</b> |
| 1 – 99 securities        | 37                       | 1,578                             |
| 100 – 499 securities     | 23                       | 6,151                             |
| 500 – 999 securities     | 14                       | 10,039                            |
| 1,000 – 1,999 securities | 15                       | 21,237                            |
| 2,000 – 2,999 securities | 6                        | 14,701                            |
| 3,000 – 3,999 securities | 3                        | 10,240                            |
| 4,000 – 4,999 securities | 6                        | 27,523                            |
| 5,000 or more securities | 23                       | 237,173                           |
| <b>TOTAL</b>             | <b>127</b>               | <b>328,642</b>                    |

**Non-Public Securityholders (Registered)**



| <b>Class of Security</b> |                          |                                   |
|--------------------------|--------------------------|-----------------------------------|
| <b>Size of Holding</b>   | <b>Number of holders</b> | <b>Total number of securities</b> |
| 1 – 99 securities        | 0                        | 0                                 |
| 100 – 499 securities     | 0                        | 0                                 |
| 500 – 999 securities     | 0                        | 0                                 |
| 1,000 – 1,999 securities | 0                        | 0                                 |
| 2,000 – 2,999 securities | 0                        | 0                                 |
| 3,000 – 3,999 securities | 0                        | 0                                 |
| 4,000 – 4,999 securities | 0                        | 0                                 |
| 5,000 or more securities | 3                        | 40,500,000                        |
| <b>TOTAL</b>             | <b>3</b>                 | <b>40,500,000</b>                 |

#### **Securities Convertible or Exchangeable into Any Class of Listed Securities**

| <b>Description of Security<br/>(include conversion /<br/>exercise terms, including<br/>conversion / exercise price)</b> | <b>Number of convertible /<br/>exchangeable securities<br/>outstanding</b> | <b>Number of listed securities<br/>issuable upon conversion /<br/>exercise</b> |
|---|--|--|
| Warrants <sup>(1)</sup>   | 72,086   | 72,086 Shares  |

**Notes:**

- (1) These warrants will be exercisable at \$10.12 per common share. 43,387 warrants expire July 3, 2020; 20,626 warrants expire November 27, 2020; and 8,074 warrants expire on December 19, 2020.

## **15. EXECUTIVE COMPENSATION**

Raffles is a venture issuer and is disclosing its executive compensation in accordance with Form 51-102F6V.

The following persons are considered the “Named Executive Officers” or “NEOs” for the purposes of this disclosure:

- (a) each individual who, in respect of Raffles, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of Raffles, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;

- (c) in respect of Raffles and RFP, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of Raffles, and was not acting in a similar capacity, at the end of that financial year;

### Director and Named Executive Officer Compensation, excluding Compensation Securities

The following table provides a summary of compensation paid or accrued, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by Raffles or a subsidiary of Raffles to each Named Executive Officer and director during the two most recent financial years ended March 31, 2019 and March 31, 2018 (while the company was Explorex).

| Table of compensation excluding compensation securities                   |                     |   |            |                                |  |                                      |                         |
|---|---------------------|---|------------|--------------------------------|--|--------------------------------------|-------------------------|
| Name and position   | Year ended March 31 | Salary, consulting fee, retainer or commission (\$) | Bonus (\$) | Committee or meeting fees (\$) | Value of perquisites <sup>(1)</sup> (\$) | Value of all other compensation (\$) | Total compensation (\$) |
| <b>Gary Schellenberg</b><br>Former CEO and Director                       | 2019                | 76,500 <sup>(2)</sup>                               | Nil        | Nil                            | Nil                                      | Nil                                  | 76,500                  |
|   | 2018                | 48,750 <sup>(2)</sup>                               | Nil        | Nil                            | Nil                                      | Nil                                  | 48,750                  |
| <b>Elizabeth Richards</b><br>Former CFO                                   | 2019                | 30,000 <sup>(4)</sup>                               | Nil        | Nil                            | Nil                                      | Nil                                  | 30,500                  |
|   | 2018 <sup>(3)</sup> | 7,500 <sup>(4)</sup>                                | Nil        | Nil                            | Nil                                      | Nil                                  | 7,500                   |
| <b>William E. A. Wishart</b><br>Former Chairman of the Board and Director | 2019                | 76,500 <sup>(5)</sup>                               | Nil        | Nil                            | Nil                                      | Nil                                  | 76,500                  |
|   | 2018                | 90,000 <sup>(5)</sup>                               | Nil        | Nil                            | Nil                                      | Nil                                  | 90,000                  |
| <b>James Mustard</b><br>Former VP Corporate Development and Director      | 2019                | 31,550 <sup>(6)</sup>                               | Nil        | Nil                            | Nil                                      | Nil                                  | 31,550                  |
|   | 2018                | 88,000 <sup>(6)</sup>                               | Nil        | Nil                            | Nil                                      | Nil                                  | 88,000                  |
| <b>Jerry Bella</b><br>Former Director                                     | 2019                | 30,000 <sup>(8)</sup>                               | Nil        | Nil                            | Nil                                      | Nil                                  | 30,000                  |
|   | 2018 <sup>(7)</sup> | 15,000 <sup>(8)</sup>                               | Nil        | Nil                            | Nil                                      | Nil                                  | 15,000                  |

| Table of compensation excluding compensation securities |                     |   |            |                                |  |                                      |                         |
|---|---------------------|---|------------|--------------------------------|--|--------------------------------------|-------------------------|
| Name and position                                       | Year ended March 31 | Salary, consulting fee, retainer or commission (\$) | Bonus (\$) | Committee or meeting fees (\$) | Value of perquisites <sup>(1)</sup> (\$) | Value of all other compensation (\$) | Total compensation (\$) |
| <b>Mike Sieb</b><br>Former Director and President       | 2019                | 59,375  | Nil        | Nil                            | Nil                                      | Nil                                  | 59,375                  |
|   | 2018 <sup>(9)</sup> | 36,000  | Nil        | Nil                            | Nil                                      | Nil                                  | 36,000                  |

(1) The value of perquisites and benefits, if any, was less than \$15,000.

(2) Denotes fees paid by Explorex for consulting services provided by Mr. Schellenberg through a company controlled by him.

(3) Ms. Richards was appointed as the CFO on January 18, 2018 so the information for the financial year ended March 31, 2018 is for less than a full financial year.

(4) Denotes fees paid by Explorex for professional fees provided by Ms. Richards through a company controlled by her.

(5) Denotes fees paid by Explorex for consulting services provided by Mr. Wishart through Sunquest Investment Corp.

(6) Denotes fees paid by Explorex for consulting services provided by Mr. Mustard.

(7) Mr. Bella was appointed as a Director on September 7, 2017, so information for the financial year ended March 31, 2018 is for less than a full financial year.

(8) Denotes fees paid by Explorex for consulting services provided by Mr. Bella through a company controlled by him.

(9) Mr. Sieb was appointed as a Director and President on September 7, 2017, so information for the financial year ended March 31, 2018 is for less than a full financial year.

## Stock Options and Other Compensation Securities

There were no compensation securities granted or issued during the most recently completed financial year ended March 31, 2019 to each Named Executive Officer and director for services provided or to be provided, directly or indirectly, to Raffles or its subsidiary. However, certain of the Named Executive Officers and directors held stock options granted during the previous financial years.

| Compensation Securities  |                               |  |                              |  |  |   |                              |
|--|-------------------------------|--|------------------------------|--|--|---|------------------------------|
| Name and position  | Type of compensation security | Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)</sup> | Date of issue or grant       | Issue, conversion or exercise price (\$) | Closing price of security or underlying security on date of grant (\$) | Closing price of security or underlying security at year end (\$) | Expiry date                  |
| <b>Gary Schellenberg</b><br>Former CEO and Director                      | Stock Options                 | 100,000<br>100,000   | Sept 29, 2016<br>Nov 2, 2017 | \$0.13<br>\$0.25                         | \$0.125<br>\$0.24  | \$0.265<br>\$0.265  | Sept 29, 2021<br>Nov 2, 2022 |
| <b>William E.A. Wishart</b><br>Former Chairman of the Board and Director | Stock Options                 | 100,000<br>100,000   | Sept 29, 2016<br>Nov 2, 2017 | \$0.13<br>\$0.25                         | \$0.125<br>\$0.24  | \$0.265<br>\$0.265  | Sept 29, 2021<br>Nov 2, 2022 |

| Compensation Securities  |                               |  |                        |  |  |   |             |
|--|-------------------------------|--|------------------------|--|--|---|-------------|
| Name and position  | Type of compensation security | Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)</sup> | Date of issue or grant | Issue, conversion or exercise price (\$) | Closing price of security or underlying security on date of grant (\$) | Closing price of security or underlying security at year end (\$) | Expiry date |
| <b>James Mustard</b><br>Former VP Corporate Development and Director | Stock Options                 | 100,000  | Nov 2, 2017            | \$0.25                                   | \$0.24   | \$0.265   | Nov 2, 2022 |
| <b>Jerry Bella</b><br>Former Director                                | Stock Options                 | 100,000  | Nov 2, 2017            | \$0.25                                   | \$0.24   | \$0.265   | Nov 2, 2022 |
| <b>Mike Sieb</b><br>Former Director                                  | Stock Options                 | 200,000  | Nov 2, 2017            | \$0.25                                   | \$0.24   | \$0.265   | Nov 2, 2022 |
| <b>Elizabeth Richards</b><br>Former CFO                              | Stock Options                 | Nil  | NA                     | NA                                       | NA   | NA  | NA          |

(1) All stock options noted in the table above and all outstanding stock options held by all optionees not listed above were subsequently surrendered for cancellation in connection with the Transaction.

### Exercise of Compensation Securities by Directors and NEOs

During the financial year ending March 31, 2019, none of the Named Executive Officers or directors exercised any stock options.

For information about the material terms of Raffles' stock option plan, please refer to Section 9 - *Options to Purchase Securities*.

### Employment, Consulting and Management agreements

The NEO compensation was provided under consulting agreements between Raffles and each NEO. The NEO's did not have change of control provisions in their consulting agreements.

### Oversight and Description of Director and Named Executive Officer Compensation

#### *Director compensation*

The Board determines director compensation from time to time. Directors are not generally compensated in their capacities as such but Raffles may, from time to time, grant to its directors incentive stock options to purchase Shares pursuant to the terms of the Stock Option Plan and in accordance with the policies of the CSE.

During the financial year ended March 30, 2019, Raffles paid or accrued the following fees:

- management fees of \$59,375 to Mike Sieb, a former officer and director of Raffles;
- consulting fees of \$31,550 to James Mustard, a former officer and director of Raffles;

- rent of \$17,550 and management fees of \$76,500 to a company controlled by William Wishart, a former director and officer of Raffles; and
- director's fees of \$30,000 to a company controlled by Jerry Bella, a former director of Raffles.

### *Named Executive Officer Compensation*

The Board determines executive compensation from time to time. Raffles does not have a formal compensation policy, but the Board is responsible for reviewing the adequacy and form of compensation paid to Raffles' executives and ensuring that such compensation realistically reflects the responsibilities and risks of such positions. In fulfilling its responsibilities, the Board evaluates the performance of the chief executive officer and other senior management in light of corporate goals and objectives, and makes recommendations with respect to compensation levels based on such evaluations. The main objectives Raffles hopes to achieve through its compensation are to attract and retain executives critical to Raffles' success, who will be key in helping Raffles achieve its corporate objectives and increase shareholder value. Raffles looks at industry standards when compensating its executive officers.

During the financial year ended March 31, 2019, Mr. Schellenberg's compensation as CEO amounted to \$90,000 and Ms. Richards' compensation as CFO amounted to \$30,000.

### ***Raffles Financial Private Limited***

The following tables (prepared in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) set forth all annual and long term compensation for services in all capacities to RFP from incorporation in respect of each of NEO for the most recently completed financial year ending June 30, 2019.

#### **Table of compensation excluding compensation securities**

| <b>Name and position</b> | <b>Year ended June 30</b> | <b>Salary, consulting fee, retainer or commission (\$)</b> | <b>Bonus (\$)</b> | <b>Committee or meeting fees (\$)</b> | <b>Value of perquisites (\$)</b> | <b>Value of all other compensation (\$)<sup>(1)</sup></b> | <b>Total compensation (\$)</b> |
|--------------------------|---------------------------|--|-------------------|---------------------------------------|----------------------------------|---|--------------------------------|
| Charlie In               | 2019                      | \$106,699  | -                 | -                                     | -                                | \$3,600,000   | \$3,706,699                    |
| Abigail Zhang            | 2019                      | \$106,699  | -                 | -                                     | -                                | \$1,800,000   | \$1,906,699                    |
| Victor Liu               | 2019                      | \$106,699  | -                 | -                                     | -                                | \$3,600,000   | \$3,706,699                    |
| Kit Chan                 | 2019                      | \$85,359   | -                 | -                                     | -                                | -   | \$85,359                       |

<sup>(1)</sup> Represents the dividends paid to these individuals in their capacity of shareholders of RFP.

### **Compensation Securities**

No compensation securities have been issued to any director or NEO of RFP since incorporation.

### **Fees to Directors and Officers**

The table below sets out the fees that Raffles expects to pay to directors and officers. Raffles does not expect to pay any other fees to insiders.

| Type of Fee    | Amount<br>(per annum) (\$) | Services<br>provided                | Name of the<br>insider    | Relationship<br>between the<br>insider and the<br>company |
|----------------|----------------------------|-------------------------------------|---------------------------|---|
| Directors' fee | \$60,000                   | Executive<br>Directorship           | Charlie In                | Director  |
| Directors' fee | \$60,000                   | Executive<br>Directorship           | Abigail Zhang             | Director  |
| Directors' fee | \$60,000                   | Executive<br>Directorship           | Victor Liu                | Director  |
| Directors' fee | \$30,000                   | Non-Executive<br>Directorship       | Kit Chan                  | Director  |
| Directors' fee | \$30,000                   | Independent<br>Directorship         | Mike Zhou                 | Director  |
| Directors' fee | \$30,000                   | Independent<br>Directorship         | David Anthony<br>Bruzzisi | Director  |
| Directors' fee | \$30,000                   | Independent<br>Directorship         | Lily (Haopu) Ren          | Director  |
| Service fee    | \$36,000                   | Financial<br>accounting<br>services | Dong Shim                 | CFO   |

## 16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than as described below, no individual who is, or at any time during the most recently completed financial year was, a director or executive officer of Raffles, and each associate of any such director or executive officer: (a) is, or at any time since the beginning of the most recently completed financial year of Raffles has been indebted to Raffles or any of its subsidiaries or (b) has or had indebtedness to another entity that is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Raffles or any of its subsidiaries.

On June 28, 2019, the Board resolved that Raffles make a fund advance of S\$1.5 million to Charlie In. The advance was interest free and repayable on demand. Mr. In repaid the advance by offsetting against his dividend receivable declared on June 30, 2019.

As at June 30, 2019, the amount of S\$3,560,000 was due to Victor Liu and S\$1,780,000 was due to Abigail Zhang. These amounts arose from a one-off dividend declared payable on June 30, 2019 to these individuals as shareholders in relation to Raffles' net profits after-tax for the financial year ended June 30, 2019. The total dividend declared to the shareholders of Raffles was S\$9,000,000.

## 17. RISK FACTORS

This section describes some of the potential material risks associated with Raffles' business and the industry in which it operates, and risks associated with an investment in Raffles. Raffles is subject to a number of risks, both specific to its business activities and of a general nature. These risks may either individually or in combination materially adversely impact the future operating and financial performance of Raffles.

There can be no guarantee that Raffles will achieve its objectives or that any forward-looking statements or forecasts will eventuate. This section describes those areas which Raffles believes are the major risks associated with an investment in Raffles.

The occurrence or consequences of some of the risks described herein are partially or completely outside of the control of Raffles, its Directors and management team. Investors should note that this section does not purport to list every risk that may be associated with Raffles' business or the industry in which it operates, or an investment in the Shares, now or in the future. The selection of risks is based on Raffles' assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. This assessment is based on the knowledge of the Directors, but there is no guarantee or assurance that the risks will not change or that other risks will not emerge. There can be no guarantee that Raffles will achieve its stated objectives, or that any forward-looking statement contained in this document will be achieved or realized.

Readers should satisfy themselves that they have a sufficient understanding of the risks involved in making an investment in Raffles and whether it is a suitable investment for them, having regard to their investment objectives, financial circumstances and taxation position. Investors should seek advice from their solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in Raffles.

In addition, potential investors should be aware that the value of Raffles' Shares on the CSE might rise and fall depending on a range of factors that affect the market price of shares generally. These include local, regional and global economic conditions and sentiment towards equity markets in general. The Shares carry no guarantee with respect to the profitability, the payment of dividends, return of capital or the price at which the Shares may trade on the CSE.

#### **Failure to comply with laws, regulations and standards**

Any changes to the existing regulatory framework or the imposition of new legislation or regulations applicable to the markets in which Raffles operates may adversely affect the financial and operating performance of Raffles. This risk factor applies to government policy and legislative changes in Singapore, Cayman Islands, Hong Kong and China.

The various global financial services industries are highly regulated and Raffles anticipates that regulations governing the industries will be subject to change as governments monitor service providers and new financial products. Changes to government regulations, including those relating to taxes and other government levies, could significantly affect the financial condition of market participants, including Raffles.

Regulatory reform could significantly delay, hamper or otherwise adversely impact the development of the financial services and advisory industries, as well as have a material adverse effect on Raffles' business, results of operations, and financial condition.

Although the financial services industry has been legalized for many years in global markets, certain financial services and offerings remain illegal in China and other countries.

In addition, various governments may require that financial service providers obtain specific licenses in order to operate. Obtaining a licence would significantly impact Raffles' revenue forecasts and costs associated with compliance.

#### **Risk from changes in global economic, political or market conditions**

Reductions in the number and size of public offerings and mergers and acquisitions, due to changes in global economic, political or market conditions that are beyond Raffles' control, could cause revenues from the Company's activities to decline materially. The amount of these activities are affected by many national and international factors, including economic, political

and market conditions; the level and volatility of interest rates; changes to tax policy; changes to global trade agreements; legislative and regulatory changes; exposure to fluctuations in currency values; inflation; inflows and outflows of mutual funds, exchange traded funds and pension funds; financial scandals; war or insurgency; and availability of short-term and long-term funding and capital.

Weak economic and global financial market conditions and uncertainties with respect to US-China trade relationships could result in a challenging business environment for providing services in connection with small and mid-market M&A.

### **COVID-19 Public Health Crisis**

Raffles' business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19 which originated in China. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, on March 12, 2020, the World Health Organization declared the outbreak a pandemic and on March 13, 2020 the U.S. declared that the COVID-19 outbreak in the United States constitutes a national emergency. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada, the United States, Europe and Asia (including in Singapore and Hong Kong where Raffles has operations, and in China, where Raffles has clients). The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, Raffles cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Raffles is actively assessing and responding where possible to the potential impact of the COVID-19 pandemic.

Such public health crises can result in volatility and disruptions in the demand for financial advisory services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to Raffles of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labor and fuel costs, regulatory changes, political or economic instabilities or civil unrest. At this point, the extent to which COVID-19 will or may impact Raffles is uncertain and these factors are beyond Raffles' control; however, it is possible that COVID-19 may have a material adverse effect on Raffles' business, results of operations and financial condition.

### **Foreign Exchange and Currency Transferability Risks**

Raffles is exposed to foreign exchange risk primarily as a result of it having operations and clients in different jurisdictions. Raffles' results are reported in Singapore dollars. A portion of its business is conducted and denominated in Hong Kong dollars and Chinese Renminbi. Any fluctuations in the value of any of these currencies relative to the Singapore dollar may result in variations in the comprehensive income of Raffles and may have an adverse impact on Raffles' business and financial condition. In addition, China imposes restrictions upon the ability to transfer funds out of China. As Raffles has clients in China, these restrictions may make it difficult for Raffles to receive payment for the services provided. However, as most of Raffles' clients have holding and trading companies in Hong Kong, Raffles considers this risk to be mitigated by the fact that payment of its fees are typically made by these entities.



### **Service Liability Risk**

Raffles aims to use its expertise to deliver its services. Many financial services are subject to stringent standards and are otherwise highly regulated. If services do not meet certain standards or are found to be faulty, untrue and/or unsafe, Raffles may face liability claims from clients, regulators or members of the public, which may affect Raffles' brand reputation, revenue-earning potential and operating results. Raffles may not be able to successfully secure or renew liability insurance, or defend itself against liability claims. Any liability claims may disrupt Raffles' business operations and financial performance.

### **Asset Location and Legal Proceedings**

Substantially all of Raffles' assets are located outside of Canada and many of its officers and directors are resident outside of Canada and their assets are outside of Canada. Serving process on the directors and officers may prove to be difficult or excessively time consuming. Additionally, it may be difficult to enforce a judgment obtained in Canada against Raffles, its subsidiaries and any directors and officers residing outside of Canada.

### **Competition**

Competitors may be working on developing new service offerings and technologies that are superior to those of Raffles. The development of a new and superior service by a competitor could affect Raffles' ability to successfully exploit its own services. Raffles may be unable to develop further services or keep pace with developments in its market space, and may lose market share to competitors. If Raffles' competitors develop a more efficient service or undertake a more aggressive marketing campaign, it would likely adversely affect Raffles' financial performance and marketing strategies. There is no guarantee that clients, partners and Representatives will purchase Raffles' Service Offerings and Raffles may be unable to compete successfully with more established investment banking companies on price or quality, or may be unsuited to the established preferences of potential clients. Raffles is unable to influence or control the conduct of its competitors and such conduct may detrimentally affect Raffles' financial and operating performance.

### **Intellectual Property Rights**

Raffles holds no patent (and has no patent applications) in respect of its intellectual property. There is a risk that third parties may find ways to reproduce Raffles' Service Offerings in whole or in part. Any event that would jeopardize Raffles' proprietary rights or any claims of infringement by third parties could have an adverse effect on Raffles' ability to profitably market Raffles' Service Offerings. There is no guarantee that Raffles can secure any trademarks, copyrights or patents, or that third parties will not infringe or misappropriate Raffles' services. In addition, there can be no assurance that Raffles will not have to pursue litigation against other parties to assert its rights. "Raffles Financial" trademark was registered with the Registrar of Trade Marks Singapore on August 22, 2019.

### **Reliance on Key Members**

Raffles' Service Offerings and its operational success will substantially depend on the continued employment of the Founders. The loss of any of the Founders in the short-term may have a detrimental impact on Raffles. Raffles does not maintain key-man life insurance on the any of the Founders or employees.

### **Inability to retain and recruit skilled personnel**

Raffles' business is dependent on highly skilled and, often, highly specialized employees. The establishment and maintenance of relationships with clients and potential clients depends in part on individuals. The level of competition for key personnel is very high, particularly due to competition from larger companies who are able to pay larger salaries. The loss of skilled employees could materially and adversely affect Raffles' operating results.

There can be no assurance that Raffles will be able to recruit a sufficient number of new employees with the desired qualifications, in a timely manner and on financial terms that are acceptable to Raffles. The failure to recruit new employees or the unintentional recruitment of underperforming employees could materially and adversely affect future operating results.

### **Commercialization Risk**

There can be no assurance that Raffles will successfully continue to commercialize and expand its business model. There can be no assurance that Raffles' existing services will continue to appeal to the marketplace and that they will not become obsolete.

### **Financial Advisory Service Business Risks**

Raffles' business may be negatively impacted by the state of the financial markets. In volatile or illiquid markets and in markets influenced by sustained periods of low or negative economic growth, there may be a reduced demand for the services provided by Raffles.

### **Limited Ability to Enforce Remedies**

Raffles is continued under the laws of the Cayman Islands, RFP is incorporated under the laws of Singapore and four directors of Raffles reside outside of Canada. The principal places of business of Raffles and RFP are Singapore and Hong Kong. All of Raffles and RFP's assets, and all or a substantial portion of the assets of the four directors, are located outside the Canada. As a result, it may be difficult for investors in Canada to effect service of process within Canada upon such directors who are not residents of Canada and who haven't appointed agent for service of process. In addition, it may be difficult to enforce any judgements of the Canadian courts on Raffles, RFP and directors who are not residents of Canada.

### **Customer Preferences**

Raffles' business is dependent upon consumer awareness and market acceptance of its Service Offerings. New financial services or licensing requirements may adversely affect demand for Raffles' services. Failure to respond to changes in preferences or anticipate market trends may adversely affect Raffles' future revenues and performance. Although Raffles has strived to establish market recognition for its products in the industry, it is too early in the life cycle of Raffles' brand to determine whether Raffles' services will maintain satisfactory levels of acceptance and sustained take-up by others.

There can be no assurance that future research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the market or any particular product of Raffles, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Raffles' services, and, correspondingly, on Raffles' business, results of operations, financial condition and cash flows. The effect of consumer perceptions on the legal financial services market means that adverse research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or

not accurate or with merit, could have a material adverse effect on the demand for Raffles' services, and, correspondingly, on Raffles' business, results of operations, financial condition and cash flows.

### **Limited Operating History**

While Raffles' Founders have operated other successful enterprises, Raffles is recently formed and has a limited operating history. Raffles faces the general risks associated with any new business operating in a competitive industry, including the ability to fund operations from unpredictable cash flow and capital-raising transactions. There can be no assurance that Raffles will achieve its anticipated investment objectives or operate profitably. Raffles' business must be considered in light of the risks, expenses, and problems frequently encountered by companies in their early stages of development. There can be no assurance that Raffles will be successful in addressing these risks. To the extent it is unsuccessful in addressing these risks, Raffles and Raffles may be materially and adversely affected. There can be no assurance that Raffles or Raffles will ever achieve or sustain profitability.

In addition to being subject to general business risks and to risks inherent in the nature of an early stage business, Raffles is exposed to risks inherent to participating in a changing industry. Raffles will need to build consumer awareness of its brand in the financial industries and markets through significant investments in its strategy, quality assurance, and compliance with regulations. These activities may not promote Raffles' brand, products and services as effectively as intended, or at all. Raffles must rely largely on its own market research to forecast sales and demand for its services, as detailed forecasts are not generated.

### **Costs of Operating as a Public Company**

As a public company whose securities will be listed in Canada, Raffles shall incur significant legal, accounting and other expenses that it did not incur as a private company. Raffles will be subject to the reporting requirements of the Canadian securities laws the rules and regulations thereunder, the rules and regulations of the CSE, and the provisions of securities laws that apply to public companies such as Raffles. The expenses that will be required in order to adequately prepare for being a public company will be material, and compliance with the various reporting and other requirements applicable to public companies will require considerable expense, time and the attention of management.

### **Use of Proceeds**

Although Raffles currently intends to use the net proceeds from the Financing as stated herein, Raffles' management will have broad discretion in the application of the balance of the net proceeds from the Financing and could spend the proceeds in ways that do not improve Raffles' results of operations or enhance the value of its shares. The failure by Raffles' management to apply these funds effectively could result in financial losses that could have a material adverse effect on Raffles' business.

### **Future Projections**

The future information about Raffles are based on management's best estimates as to future results and the assumptions are drawn from its experience and market demographics. There can be no guarantee that the future projections herein will be achieved by Raffles and/or by any future related parties.

### **Emerging Market Complexities and Board of Directors**

The existing Board members understand that traditional firms face a steeper learning curve to understand the Asian market, business and operating environments. Also, the complexities of the different time zones, languages, location of key books and records and cultural differences can make communication especially complicated in these situations. Nevertheless, the Board members realize that regardless of where they are located and where the business operations are located, they are required to adhere to Canadian regulatory requirements and Singapore, Hong Kong and Cayman Islands financial regulations and rules. Raffles' Board and management believe they have a thorough understanding of the political, cultural, legal and business environments within Asia. The Board is comprised of several Asian citizens and believes it has sufficient legal and political understanding of the Asian markets from their experience doing business in this market. Raffles' Board believes it has the means to monitor legal and regulatory developments in this Asian foreign jurisdiction relative to any corporate structures.

Raffles' corporate structure does not limit or inhibit the ability of the Board to oversee and monitor management of the foreign operations. Risk does remain however, that some complexities and issues may not be fully understood by Raffles' Board.

### **Foreign Government Risk**

Raffles has offices in Singapore and Hong Kong and has clients in China. Some local governments have slightly different regulations in respect of the provision of financial services. The Chinese Government currently allows the provision of financial services throughout the PRC but exactly how the foreign government and regulatory authorities operate in China is partially unclear.

While no material restrictions or conditions have been imposed on international financial services companies in China to date, it is uncertain whether such restrictions or conditions will be imposed in the future.

There are restrictions on currencies and removal of capital from China. As Raffles has clients in China, these restrictions may make it difficult for Raffles to receive payment for the services provided. However, as most of Raffles' clients have holding and trading companies in Hong Kong, Raffles considers this risk to be mitigated by the fact that payment of its fees are typically made by these entities.

While no foreign government and regulatory authority approval is needed to operate Raffles' business in China and Asia, whether this will change is uncertain. Dr. In is responsible for managing the relationship with the national and local government and regulatory authorities and government organizations in the countries where Raffles does business. The risk does remain as to possible changes in the government and regulatory regimes regarding private financial companies and the related marketplaces.

### **Holding Company Status**

Raffles is, at least initially upon completion of the Transaction, a holding company and essentially all of its operating assets are the capital stock of its subsidiary. As a result, investors in Raffles are subject to the risks attributable to its subsidiary, RFP. As a holding company, Raffles conducts substantially all of its business through its subsidiary, which generates substantially all of its revenues. Consequently, Raffles' cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiary and the distribution of those earnings to Raffles. The ability of the subsidiary to pay dividends and other distributions will depend on its operating results and will be subject to

applicable laws and regulations which require that solvency and capital standards be maintained and contractual restrictions contained in the instruments governing its debt or other contracts, in each case, which could limit the ability to pay such dividends or distributions, if at all. In the event of a bankruptcy, liquidation or reorganization of Raffles, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of RFP before any assets are made available for distribution to Raffles.

### **Limited Market for Securities**

There can be no assurance that an active and liquid market for the Shares will be maintained and an investor may find it difficult to resell any Shares or other securities of Raffles.

### **Cybersecurity risk and network security**

Raffles' operations rely on the secure processing, storage and transmission of confidential and other information in computer systems and networks. Although Raffles takes protective measures and tries to modify them as circumstances warrant, computer systems, sensitive data, software and networks may be vulnerable to cyber-attacks, unauthorized access, computer viruses or other malicious code and events that could have a security impact. Raffles relies on third party information technology vendors and there is the risk that third parties could expose it to cybersecurity breaches. If one or more of these events occur, this could potentially jeopardize Raffles' or its clients' confidential and other personal information processed and stored in, and transmitted through, computer systems and networks, or otherwise cause interruptions or malfunctions in clients', counterparties' or third parties' operations. Raffles may be required to expend significant additional resources to modify protective measures or to investigate and remediate vulnerabilities or other exposures. As a result, Raffles may be subject to financial losses, litigation or liability for failure to comply with privacy and regulations. These all may lead to reputational harm affecting client confidence. A cyber attack could also compromise any proprietary, confidential or sensitive information or systems that Raffles maintains for the purpose of competitive advantage and such a compromise could lead to lost revenues while the company attempts to recover or replace the lost information or systems.

### **Dependence on information systems**

Raffles' business is highly dependent on communications and information systems. Any failure or interruption of Raffles' systems, or those of third parties such as service providers, could cause delays or other problems in Raffles' client services, which could have a material adverse effect on its operating results and financial condition. There can be no assurance that Raffles will be able to prevent any systems failures or interruptions, including those caused by an earthquake, fire, other natural disaster, power or telecommunications failure, act of God, operator error, cyber attack, act of war or terror or otherwise, or that back-up procedures and capabilities in the event of failure or interruption will be adequate.

## 18. PROMOTERS

Dr. Charlie (Nany Sing) In is the promoter of the Corporation. He has ownership and control of 16,200,000 Shares, representing 31.9% of the issued and outstanding Shares as of the date of this Listing Statement. Dr. In received a dividend from RFP for the year ended June 30, 2019 and is expected to receive compensation for services to be provided to Raffles in his capacity of a director and officer. See “*Executive Compensation*” and “*Directors and Officers*”.

The promoter is not, at the date hereof, nor has he within 10 years before the date hereof been, a director, chief executive officer, or chief financial officer of any person or company that:

- (a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer;

The promoter is not, as at the date hereof, nor has been within the 10 years before the date hereof:

- (a) a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter.

The promoter is not, as at the date hereof, nor has been subject to:

- (a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

## 19. LEGAL PROCEEDINGS

There are no legal proceedings material to Raffles or any subsidiary of Raffles to which it, or a subsidiary of Raffles, is a party or of which any of their respective property is the subject matter, and no such proceedings are known by Raffles to be contemplated.

There are no:

- (a) penalties or sanctions imposed against Raffles by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date of this Listing Statement;
- (b) other penalties or sanctions imposed by a court or regulatory body against Raffles necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and
- (c) settlement agreements Raffles entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Listing Statement.

## **20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except for the interests of the directors and officers of Raffles in the fees that Raffles expects to pay them as consideration for their services to the company (See *Executive Compensation*) and the interests of Charlie (Nany Sing) In, Victor (Chang Sheng) Liu and Abigail (Li Ying) Zhang in the Share Exchange Agreement (as shareholders of RFP) (see “*General Development of Raffles’ Business*”), the following persons or companies do not have any material interest, direct or indirect, in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect Raffles or RFP:

- (a) any director or executive officer of Raffles;
- (b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of Raffles outstanding Shares; and
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

## **21. AUDITORS, TRANSFER AGENTS AND REGISTRARS**

### **21.1 Auditors**

The auditors of Raffles are MNP LLP, Chartered Professional Accountants of Vancouver, British Columbia, located at Suite 2200, MNP Tower, Vancouver, BC V6E 0C3.

### **21.2 Registrar and Transfer Agent**

The registrar and transfer agent of Raffles is AST Trust Company (Canada), located at 1600 – 1066 West Hastings Street, Vancouver, British Columbia.

## **22. MATERIAL CONTRACTS**

Except for contracts entered into by Raffles in the ordinary course of business, the only material contracts entered into by Raffles (formerly Explorex) in the previous two years are the following:

- (a) The Arrangement Agreement; and
- (b) The Share Exchange Agreement.

## **23. INTEREST OF EXPERTS**

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement:

- (a) has received or will receive any direct or indirect interest in the property of Raffles or of an associate, affiliate or Related Person of Raffles;
- (b) has beneficial ownership, direct or indirect, in any securities or property of Raffles or of an associate, affiliate or Related Person of Raffles; or
- (c) is or is expected to be elected, appointed or employed as a director, officer or employee of Raffles or of an associate, affiliate or Related Person of Raffles.

## **24. OTHER MATERIAL FACTS**

Raffles is not aware of any material facts about Raffles and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to Raffles and its securities.

## **25. FINANCIAL STATEMENTS**

### **25.1 Financial Statements**

A copy of the RFP annual financial statements for the period from July 5, 2018 (date of incorporation) to June 30, 2019 and RFP interim financial statements for the six month period ended December 31, 2019 are attached as Schedules "A" and "B" to this Listing Statement. The RFP MD&A for the corresponding periods are attached as Schedule "C" to this Listing Statement. The pro forma consolidated statement of financial position of Raffles as at December 31, 2019 are attached as Schedule "D" to this Listing Statement.

### **25.2 Re-Qualifying Issuer**

A copy of the pro forma consolidated statement of financial position of Raffles as at December 31, 2019 is attached as Schedule "D" to this Listing Statement.



## CERTIFICATE OF RAFFLES FINANCIAL GROUP LIMITED

Pursuant to a resolution duly passed by its Board of Directors, Raffles Financial Group Limited, hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Raffles Financial Group Limited. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia this 30th day of April, 2020.

*“Victor (Chang Sheng) Liu”*

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Victor (Chang Sheng) Liu  
Chief Executive Officer

*“Dong Shim”*

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Dong Shim  
Chief Financial Officer

*“Charlie (Nany Sing) In”*

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Charlie (Nany Sing) In  
Promoter

*“Abigail (Li Ying) Zhang”*

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Abigail (Li Ying) Zhang  
Director

*“Mike Zhou”*

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Mike Zhou  
Director

## **CERTIFICATE OF RAFFLES FINANCIAL PRIVATE LIMITED**

The foregoing contains full, true and plain disclosure of all material information relating to Raffles Financial Private Limited. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Singapore this 30th day of April, 2020.

*“Charlie (Nany Sing) In”*

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Charlie (Nany Sing) In  
Chief Executive Officer

*“Victor (Chang Sheng) Liu”*

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Victor (Chang Sheng) Liu  
Chief Financial Officer

*“Abigail (Li Ying) Zhang”*

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Abigail (Li Ying) Zhang  
Director

**SCHEDULE "A"**

**RAFFLES ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD FROM JULY 5, 2018  
(DATE OF INCORPORATION) TO JUNE 30, 2019**

**Raffles Financial Private Limited**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 201822935E)

**Financial Statements for the Financial Period  
from 5 July 2018 (date of incorporation) to 30 June 2019**

The directors present their statement to the shareholders together with the audited financial statements of Raffles Financial Private Limited (the "Company") for the financial period from 5 July 2018 to 30 June 2019.

In the opinion of the directors,

- (a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2019 and the financial performance, changes in equity and cash flows of the Company for the financial period from 5 July 2018 to 30 June 2019; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

#### **Directors**

The directors of the Company in office as at the date of this statement are as follows:

|                      |                                      |
|----------------------|--------------------------------------|
| In Nany Sing Charlie | (appointed on date of incorporation) |
| Zhang LiYing         | (appointed on 18 April 2019)         |
| Liu ChangSheng       | (appointed on 18 April 2019)         |

#### **Arrangements to enable directors to acquire shares and debentures**

Neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

#### **Directors' interests in shares or debentures**

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

|                                 | <b>Holdings registered<br/>in name of directors</b> |                                     |
|---------------------------------|---|-------------------------------------|
|                                 | <b>At<br/>30.06.2019</b>                            | <b>At date of<br/>incorporation</b> |
| <b>The Company</b>              |   |                                     |
| <u>(No. of ordinary shares)</u> |   |                                     |
| In Nany Sing Charlie            | 40,000  | 100                                 |
| Zhang LiYing                    | 20,000  | -                                   |
| Liu ChangSheng                  | 40,000  | -                                   |

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**Share options**

There were no options granted during the financial period to subscribe for unissued shares of the Company.

No shares have been issued during the financial period by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial period.

**Independent auditor**

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

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*"In Nany Sing Charlie"*

**In Nany Sing Charlie**  
Director

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*"Liu ChangSheng"*

**Liu ChangSheng**  
Director

17 DEC 2019

**Independent Auditor's Report to the Shareholders of  
Raffles Financial Private Limited**

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the accompanying financial statements of Raffles Financial Private Limited (the "Company"), which comprise the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the financial position of the Company as at 30 June 2019 and of the financial performance, changes in equity and cash flows of the Company for the financial period ended on that date.

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of Management and Directors for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the IFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.



**Independent Auditor's Report to the Shareholders of  
Raffles Financial Private Limited**  
(continued)

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



## **Independent Auditor's Report to the Shareholder of Raffles Financial Private Limited**

(continued)

### *Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Restriction on Distribution and Use**

This report is intended solely for reporting to the potential acquirer. It should not be distributed to or used by any other parties.

*Nexia TS*

**Nexia TS Public Accounting Corporation  
Public Accountants and Chartered Accountants**

|   | Note | For the financial period<br>from 5 July 2018<br>(date of incorporation)<br>to 30 June 2019<br>S\$ |
|---|------|---|
| Revenue   | 3    | 11,533,334  |
| Other income  | 4    | 770,316   |
| Expenses  |      |   |
| - Administrative  | 5    | (782,682)   |
| Profit before income tax  |      | 11,520,968  |
| Income tax expense  | 6    | (1,960,667)   |
| <b>Total comprehensive income, representing net profit for the financial period</b> |      | <b>9,560,301</b>  |

*The accompanying notes form an integral part of these financial statements.*

|                                 | Note | 2019<br>S\$       |
|---------------------------------|------|-------------------|
| <b>ASSETS</b>                   |      |                   |
| <b>Current assets</b>           |      |                   |
| Bank balances                   |      | 2,102,734         |
| Trade and other receivables     | 7    | 7,933,334         |
|                                 |      | <u>10,036,068</u> |
| <b>Total assets</b>             |      | <u>10,036,068</u> |
| <b>LIABILITIES</b>              |      |                   |
| <b>Current liabilities</b>      |      |                   |
| Other payables                  | 8    | 7,415,100         |
| Current income tax liabilities  |      | 612,000           |
|                                 |      | <u>8,027,100</u>  |
| <b>Non-current liabilities</b>  |      |                   |
| Deferred income tax liabilities | 9    | 1,348,667         |
| <b>Total liabilities</b>        |      | <u>9,375,767</u>  |
| <b>NET ASSETS</b>               |      | <u>660,301</u>    |
| <b>EQUITY</b>                   |      |                   |
| Share capital                   | 11   | 100,000           |
| Retained profits                |      | 560,301           |
| <b>TOTAL EQUITY</b>             |      | <u>660,301</u>    |

*The accompanying notes form an integral part of these financial statements.*

|   | Note | Share<br>capital<br>S\$ | Retained<br>profits<br>S\$ | Total<br>equity<br>S\$ |
|---|------|-------------------------|----------------------------|------------------------|
| <b>2019</b>   |      |                         |                            |                        |
| <b>At date of incorporation</b>                     | 11   | 100                     | -                          | 100                    |
| Issue of shares                                     | 11   | 99,900                  | -                          | 99,900                 |
| Total comprehensive income for the financial period |      | -                       | 9,560,301                  | 9,560,301              |
| Dividends paid                                      | 13   | -                       | (9,000,000)                | (9,000,000)            |
| <b>End of financial period</b>                      |      | <b>100,000</b>          | <b>560,301</b>             | <b>660,301</b>         |

*The accompanying notes form an integral part of these financial statements.*

|   | Note | For the financial period<br>from 5 July 2018<br>(date of incorporation)<br>to 30 June 2019<br>S\$ |
|---|------|---|
| <b>Cash flows from operating activities</b>         |      |   |
| Net profit  |      | 9,560,301   |
| Adjustment for:                                     |      |   |
| - Income tax expense                                | 6    | 1,960,667   |
| Operating cash flow before working capital changes  |      | 11,520,968  |
| Changes in working capital:                         |      |   |
| - Trade and other receivables                       |      | (7,933,334)   |
| - Other payables                                    |      | 7,415,100   |
| <b>Net cash generated from operating activities</b> |      | <b>11,002,734</b>   |
| <b>Cash flows from financing activities</b>         |      |   |
| Dividends paid                                      | 13   | (9,000,000)   |
| Proceeds from issuance of shares                    |      | 100,000   |
| <b>Net cash used in financing activities</b>        |      | <b>(8,900,000)</b>  |
| <b>Net increase in bank balances</b>                |      | <b>2,102,734</b>  |
| <b>Bank balances</b>                                |      |   |
| At date of incorporation                            |      | -   |
| <b>End of financial period</b>                      |      | <b>2,102,734</b>  |

*The accompanying notes form an integral part of these financial statements.*

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## **1. General information**

Raffles Financial Private Limited (the "Company") is incorporated and domiciled in Singapore. The address of its registered office is at 3 Shenton Way #11-01 Singapore 068805.

The principal activity of the Company is the provision of corporate finance advisory services.

## **2. Significant accounting policies**

### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

### **2.2 Revenue recognition**

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised good and services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation when each of the Company's activities are met:

#### *(a) Rendering of services*

The provision of financial advisory services are recognised at a point in time upon satisfaction of a performance obligation, which is when services are rendered and accepted by the customer.

#### *(b) Licensing fee*

The licensing fee is earned from the right to use the Company's proprietary brands for a fixed fee under a non-cancellable contract, where a contract is granted to the licensee which permits the licensee to exploit the brands over the licensing period in any designated territory. Revenue is recognised over time by reference to the contract period.



## 2. Significant accounting policies (continued)

### 2.3 Financial assets

#### (i) *Classification and measurement*

The Company classifies its financial assets at amortised costs.

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition, the Company measures financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement, debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

#### (ii) *Impairment*

The Company assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

#### (iii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

### 2.4 Other payables

Other payables represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

**2. Significant accounting policies (continued)**

**2.5 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**2.6 Operating lease**

When the Company is the lessee:

The Company leases office space under operating lease from a related party.

Lease where the Company assumes substantially all risks and rewards incidental to ownership are retained by the lessor is classified as operating lease. Payments made under operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

**2.7 Income taxes**

Current income tax for current period is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

A deferred income tax liability is recognised on temporary differences except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.



**2. Significant accounting policies (continued)**

**2.8 Provisions**

Provisions for other liabilities are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

**2.9 Currency translation**

*(i) Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates ("functional currency"). The financial statements are presented in Singapore Dollar ("S\$"), which is the functional currency of the Company.

*(ii) Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

**2.10 Bank balances**

For the purpose of presentation in the statement of cash flows, bank balances include cash deposits with financial institutions which are subject to an insignificant risk of change in value.

**2.11 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital amount.

**2.12 Dividends to Company's shareholders**

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

### 3 Revenue

The Company derives revenue from the rendering of services over time and at a point in the following type of services:

|  | At a point<br>in time<br>S\$ | Over<br>time<br>S\$ | Total<br>S\$      |
|--|------------------------------|---------------------|-------------------|
| <b>For the financial period<br/>from 5 July 2018<br/>(date of incorporation)<br/>to 30 June 2019</b> |                              |                     |                   |
| Advisory fee   | 11,200,000                   | -                   | 11,200,000        |
| Licensing fee  | -                            | 333,334             | 333,334           |
|  | <u>11,200,000</u>            | <u>333,334</u>      | <u>11,533,334</u> |

### 4. Other income

|                                   |  |
|-----------------------------------|--|
|                                   | <b>For the financial period<br/>from 5 July 2018<br/>(date of incorporation)<br/>to 30 June 2019<br/>S\$</b> |
| Waiver of amount due to directors | <u>770,316</u>   |

### 5. Expenses by nature

|                               |  |
|-------------------------------|--|
|                               | <b>For the financial period<br/>from 5 July 2018<br/>(date of incorporation)<br/>to 30 June 2019<br/>S\$</b> |
| Contract for services         | 643,500  |
| Rental on operating lease     | 54,310   |
| Office expenses               | 2,348  |
| Professional fee              | 15,000   |
| Travelling and accommodation  | 57,450   |
| Other expenses                | 10,074   |
| Total administrative expenses | <u>782,682</u>   |

6. Income tax expense

For the financial period  
from 5 July 2018  
(date of incorporation)  
to 30 June 2019  
S\$

Tax expense attributable to profit is made up of:

|                                |                  |
|--------------------------------|------------------|
| - Current income tax           | 612,000          |
| - Deferred income tax (Note 9) | 1,348,667        |
|                                | <u>1,960,667</u> |

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

For the financial period  
from 5 July 2018  
(date of incorporation)  
to 30 June 2019  
S\$

|                                     |                   |
|-------------------------------------|-------------------|
| Profit before tax                   | <u>11,520,968</u> |
| Tax calculated at a tax rate of 17% | 1,958,565         |
| Effects of:                         |                   |
| - Others                            | 2,102             |
|                                     | <u>1,960,667</u>  |

7. Trade and other receivables

2019  
S\$

|   |                  |
|---|------------------|
| Trade receivables - non related parties | 7,600,000        |
| Other receivable - related party        | 333,334          |
|   | <u>7,933,334</u> |

Other receivable from a related party is unsecured, interest-free and repayable on demand.

**8. Other payables**

2019  
S\$

|                                 |                  |
|---------------------------------|------------------|
| Amount due to directors         | 7,400,100        |
| Accruals for operating expenses | 15,000           |
|                                 | <u>7,415,100</u> |

Amounts due to directors are unsecured, interest-free and repayable on demand.

**9. Deferred income tax liabilities**

The movements in deferred income tax liabilities are as follows:

2019  
S\$

|                                    |                  |
|------------------------------------|------------------|
| <i>Unremitted foreign income</i>   |                  |
| Beginning of financial period      | -                |
| Charged to profit or loss (Note 6) | 1,348,667        |
| End of financial period            | <u>1,348,667</u> |

**10. Commitments**

Operating lease commitment – where the Company is a lessee

The Company leases office space under operating lease from a related party.

The future minimum lease payable under operating lease contracted for at the reporting date but not recognised as liabilities, is as follows:

2019  
S\$

|                         |               |
|-------------------------|---------------|
| Not later than one year | <u>33,618</u> |
|-------------------------|---------------|

## 11. Share capital

|  | 2019<br>No. of ordinary<br>shares | S\$            |
|--|-----------------------------------|----------------|
| At 5 July 2018 (date of incorporation) | 100                               | 100            |
| Shares issued                          | 99,900                            | 99,900         |
| End of financial period                | <u>100,000</u>                    | <u>100,000</u> |

At the date of incorporation, the Company issued 100 ordinary shares with no par value for a total consideration of S\$100 for cash as subscriber's shares to incorporate the Company.

On 18 April 2019, the Company issued and allotted 99,900 ordinary shares for a total consideration of S\$99,900.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

The newly issued shares rank pari passu in all respects with the previously issued shares.

## 12. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related party at terms agreed between the parties.

|   | For the financial period<br>from 5 July 2018<br>(date of incorporation)<br>to 30 June 2019<br>S\$ |
|---|---|
| Rental expenses paid to a related party | <u>54,310</u>   |

Related party refers to the company which is controlled by the Company's directors and their close family members.

### *Key management personnel compensation*

|                       | For the financial period<br>from 5 July 2018<br>(date of incorporation)<br>to 30 June 2019<br>S\$ |
|-----------------------|---|
| Contract for services | <u>330,000</u>  |

The services fee is paid to directors of the Company for the service performed for the financial period.



### 13. Dividends

|  | 2019<br>S\$      |
|--|------------------|
| <i>Ordinary dividends paid</i>   |                  |
| Final dividend paid in respect of current financial period of<br>S\$90 per share | <u>9,000,000</u> |

### 14. Financial risk management

#### Financial risks factors

The Company's activities expose it to credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

The Board of Directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. This includes establishing detailed policies such as risk identification, measurement and exposure limits.

#### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

Bank balances are placed with banks and financial institutions with high credit-ratings assigned by international credit rating agencies. Trade receivables are substantially companies with a good collection track record.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments present on the statement of financial position.

The Company has applied the simplified approach to measure the lifetime expected credit losses for trade receivables.

In measuring the expected credit losses, receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company has considered the customers' available credit history and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery, such as counterparty failing to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

#### 14. Financial risk management (continued)

Financial risks factors (continued)

(a) *Credit risk (continued)*

Bank balances and other receivables are subject to immaterial credit loss.

Based on management assessment, the receivables as at 30 June 2019 are not subject to any material credit losses.

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by maintaining sufficient bank balances to enable it to meet its operating commitments. As at the reporting date, all the non-derivative financial liabilities of the Company are due within 12 months. Balance due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(c) *Capital risk*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares.

The Company is not subject to any externally imposed capital requirements.

(d) *Fair value measurements*

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(e) *Financial instruments by category*

The carrying amounts of the different categories of financial instruments are as disclosed on the face of the statement of financial position except for the following:

|   | 2019<br>S\$      |
|---|------------------|
| Financial assets at amortised cost      | 10,036,068       |
| Financial liabilities at amortised cost | <u>7,415,100</u> |

**15. Comparative figures**

There are no comparative figures as this is the first set of financial statements since the date of incorporation.

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**16. New or revised accounting standards and interpretations**

Certain new standards, amendments and interpretations to existing standards that have been published and are mandatory for accounting periods beginning on or after 1 July 2019 or later periods and which the Company has not early adopted. The management anticipates that the adoption of the new standards, amendments and interpretations in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.



**SCHEDULE "B"**

**RAFFLES INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED  
DECEMBER 31, 2019**

**Raffles Financial Private Limited**  
(Incorporated in the Republic of Singapore)  
(Company Registration No.201822935E)

**Condensed Interim Financial Statements**  
**for the Six-month period ended December 31, 2019**

We, In Nany Sing Charlie and Liu ChangSheng, being two of the directors of Raffles Financial Private Limited (the "Company"), do hereby confirm that, in the opinion of the board of directors to the best of their knowledge, nothing has come to the attention that may render the accompanying unaudited interim condensed financial statements together with notes thereto are drawn up with the International Accounting Standards, IAS 34, for the three-month and six-month period ended 31 December 2019 to be false or misleading.

On behalf of the directors

*"In Nany Sing Charlie"*

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**In Nany Sing Charlie**  
Director

*"Liu ChangSheng"*

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**Liu ChangSheng**  
Director

**28 February 2020**

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|   |      |   |   |   | For the financial<br>period from<br>July 5, 2018<br>(date of<br>incorporation)<br>to December 31,<br>2018 |
|---|------|---|---|---|---|
|   | Note | Three-month<br>ended<br>December 31,<br>2019<br>S\$ | Three-month<br>ended<br>December 31,<br>2018<br>S\$ | Six-month<br>ended<br>December 31,<br>2019<br>S\$ | S\$   |
| Revenue   | 3    | 1,500,003   | -   | 5,466,672   | -   |
| Other income  |      | -   | -   | 849   | -   |
| Expenses  |      |   |   |   |   |
| - Administrative  | 4    | (381,625)   | (200,973)   | (708,792)   | (334,679)   |
| Profit/(Loss) before income tax   |      | 1,118,378   | (200,973)   | 4,758,729   | (334,679)   |
| Income tax expense  | 5    | (783,058)   | -   | (783,058)   | -   |
| <b>Total comprehensive<br/>income/(loss), representing<br/>net profit/(loss) for the<br/>financial period</b> |      | <b>335,320</b>                                      | <b>(200,973)</b>                                    | <b>3,975,671</b>                                  | <b>(334,679)</b>  |

*The accompanying notes form an integral part of these condensed financial statements.*

|                                 | Note | December 31, 2019<br>S\$ | June 30, 2019<br>S\$ |
|---------------------------------|------|--------------------------|----------------------|
| <b>ASSETS</b>                   |      |                          |                      |
| <b>Current assets</b>           |      |                          |                      |
| Bank balances                   |      | 131,363                  | 2,102,734            |
| Trade and other receivables     | 6    | 7,278,334                | 7,933,334            |
|                                 |      | <u>7,409,697</u>         | <u>10,036,068</u>    |
| <b>Total assets</b>             |      | <u>7,409,697</u>         | <u>10,036,068</u>    |
| <b>LIABILITIES</b>              |      |                          |                      |
| <b>Current liabilities</b>      |      |                          |                      |
| Other payables                  | 7    | 30,000                   | 7,415,100            |
| Current income tax liabilities  |      | 1,755,387                | 612,000              |
|                                 |      | <u>1,785,387</u>         | <u>8,027,100</u>     |
| <b>Non-current liabilities</b>  |      |                          |                      |
| Deferred income tax liabilities | 8    | 988,338                  | 1,348,667            |
| <b>Total liabilities</b>        |      | <u>2,773,725</u>         | <u>9,375,767</u>     |
| <b>NET ASSETS</b>               |      | <u>4,635,972</u>         | <u>660,301</u>       |
| <b>EQUITY</b>                   |      |                          |                      |
| Share capital                   | 10   | 100,000                  | 100,000              |
| Retained profits                |      | 4,535,972                | 560,301              |
| <b>TOTAL EQUITY</b>             |      | <u>4,635,972</u>         | <u>660,301</u>       |

*The accompanying notes form an integral part of these condensed financial statements.*

|   | <b>Note</b> | <b>Share<br/>capital<br/>S\$</b> | <b>Retained<br/>profits<br/>S\$</b> | <b>Total<br/>equity<br/>S\$</b> |
|---|-------------|----------------------------------|-------------------------------------|---------------------------------|
| <b>As at July 1, 2019</b>                           |             | 100,000                          | 560,301                             | 660,301                         |
| Total comprehensive income for the financial period |             | -                                | 3,975,671                           | 3,975,671                       |
| <b>Balance as at December 31, 2019</b>              |             | <u>100,000</u>                   | <u>4,535,972</u>                    | <u>4,635,972</u>                |

|   |    | <b>Share<br/>capital<br/>S\$</b> | <b>Accumulated<br/>losses<br/>S\$</b> | <b>Total<br/>equity<br/>S\$</b> |
|---|----|----------------------------------|---------------------------------------|---------------------------------|
| <b>As at July 5, 2018 (date of incorporation)</b> |    | 100                              | -                                     | 100                             |
| Issue of shares                                   | 10 | 99,900                           | -                                     | 99,900                          |
| Total comprehensive loss for the financial period |    | -                                | 9,560,301                             | 9,560,301                       |
| Dividends paid                                    |    | -                                | (9,000,000)                           | (9,000,000)                     |
| <b>Balance as at June 30, 2019</b>                |    | <u>100,000</u>                   | <u>560,301</u>                        | <u>660,301</u>                  |

*The accompanying notes form an integral part of these condensed financial statements.*

|   | Six-month ended<br>December 31,<br>2019<br>S\$ | For the financial<br>period from<br>July 5, 2018 (date of<br>incorporation)<br>to December 31,<br>2018<br>S\$ |
|---|--|---|
| <b>Cash flows from operating activities</b>                   |  |   |
| Net profit/(loss)   | 3,975,671                                      | (334,679)   |
| Adjustment for:   |  |   |
| -Income tax expense   | 783,058  | -   |
| Operating cash flow before working capital changes            | 4,758,729                                      | (334,679)   |
| Changes in working capital:                                   |  |   |
| - Trade and other receivables                                 | 655,000  | -   |
| - Other payables  | (7,385,100)                                    | 337,368   |
| <b>Net cash (used in)/generated from operating activities</b> | <b>(1,971,371)</b>                             | <b>2,689</b>  |
| <b>Cash flows from financing activities</b>                   |  |   |
| Proceeds from issuance of shares                              | -  | 100   |
| <b>Net cash generated from financing activities</b>           | <b>-</b>                                       | <b>100</b>  |
| <b>Net (decrease)/increase in bank balances</b>               | <b>(1,971,371)</b>                             | <b>2,789</b>  |
| <b>Bank balances</b>  |  |   |
| Beginning of financial period/at date of incorporation        | 2,102,734                                      | -   |
| <b>End of financial period</b>                                | <b>131,363</b>                                 | <b>2,789</b>  |

*The accompanying notes form an integral part of these condensed financial statements.*



These notes form an integral part of and should be read in conjunction with the accompanying condensed interim financial statements.

**1. General information**

Raffles Financial Private Limited (the "Company") is incorporated and domiciled in Singapore. The address of its registered office is at 3 Shenton Way #11-01 Singapore 068805.

The principal activity of the Company is the provision of corporate finance advisory services.

**2. Significant accounting policies**

**2.1 Basis of preparation**

The condensed interim financial statements have been prepared in accordance to IAS 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The condensed interim financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

**2.2 Revenue recognition**

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised good and services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation when each of the Company's activities are met:

*(a) Advisory Fee*

The provision of financial advisory services are recognised at a point in time upon satisfaction of a performance obligation, which is when services are rendered and accepted by the customer.

*(b) Licensing fee*

The licensing fee is earned from the right to use the Company's proprietary brands for a fixed fee under a non-cancellable contract, where a contract is granted to the licensee which permits the licensee to exploit the brands over the licensing period in any designated territory. Revenue is recognised over time by reference to the contract period.



## 2. Significant accounting policies(continued)

### 2.3 Financial assets

#### (i) *Classification and measurement*

The Company classifies its financial assets at amortised costs.

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition, the Company measures financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement, debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

#### (ii) *Impairment*

The Company assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

#### (iii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

### 2.4 Other payables

Other payables represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

## 2. Significant accounting policies (continued)

### 2.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.6 Leases

(a) The accounting policy for leases before 1 July 2019 are as follows:

(i) *When the Company is the lessee:*

The Company leases office space under operating lease from a related party.

- *Lessee – Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating lease. Payments made under operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) The accounting policy for leases from 1 July 2019 are as follows:

(i) *When the Company is the lessee:*

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- *Right-of-use assets*

The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets. These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

## 2. Significant accounting policies (continued)

### 2.6 Leases (continued)

#### (i) *When the Company is the lessee:* (continued)

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Company shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

For contract that contain both lease and non-lease components, the Company allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Company has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Company's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term. Lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

The Company has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.



## 2. Significant accounting policies (continued)

### 2.7 Income taxes

Current income tax for current period is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

A deferred income tax liability is recognised on temporary differences except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

### 2.8 Provisions

Provisions for other liabilities are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

### 2.9 Currency translation

#### (i) *Functional and presentation currency*

Items included in the condensed Interim Financial Statements of the Company are measured using the currency of the primary economic environment in which it operates ("functional currency"). The condensed Interim Statements are presented in Singapore Dollar ("S\$"), which is the functional currency of the Company.

#### (ii) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

**2. Significant accounting policies (continued)**

**2.10 Bank balances**

For the purpose of presentation in the statement of cash flows, bank balances include cash deposits with financial institutions which are subject to an insignificant risk of change in value.

**2.11 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital amount.

**3. Revenue**

The Company derives revenue from the rendering of services over time and at a point in the following type of services:

|  | <b>At a point<br/>in time<br/>S\$</b> | <b>Over<br/>time<br/>S\$</b> | <b>Total<br/>S\$</b> |
|--|---------------------------------------|------------------------------|----------------------|
| <b>Six-month ended December 31, 2019</b> |                                       |                              |                      |
| Advisory fee                             | 2,800,000                             | -                            | 2,800,000            |
| Licensing fee                            | -                                     | 2,666,672                    | 2,666,672            |
|  | <u>2,800,000</u>                      | <u>2,666,672</u>             | <u>5,466,672</u>     |

There were no revenue generated in the prior six-month interim reporting period.

|  | <b>At a point<br/>in time<br/>S\$</b> | <b>Over<br/>time<br/>S\$</b> | <b>Total<br/>S\$</b> |
|--|---------------------------------------|------------------------------|----------------------|
| <b>Three-month ended December 31, 2019</b> |                                       |                              |                      |
| Licensing fee                              | -                                     | 1,500,003                    | 1,500,003            |
|  | <u>-</u>                              | <u>1,500,003</u>             | <u>1,500,003</u>     |

There were no revenue generated in the prior three-month interim reporting period.

4. Expenses by nature

|                                  | Three-month<br>ended<br>December 31,<br>2019<br>S\$ | Three-month<br>ended<br>December 31,<br>2018<br>S\$ | Six-month<br>ended<br>December 31,<br>2019<br>S\$ | For the financial<br>period from<br>July 5, 2018<br>(date of<br>incorporation)<br>to December 31,<br>2018<br>S\$ |
|----------------------------------|---|---|---|--|
| Contract for services            | 181,500   | 175,500   | 363,000   | 292,500  |
| Listing expenses                 | 138,471   | -   | 154,359   | -  |
| Office expenses                  | 1,890   | 337   | 2,509   | 1,985  |
| Pension fund contribution        | 2,806   | -   | 2,806   | -  |
| Rental on operating lease        | 8,333   | 15,518  | 33,477  | 20,690   |
| Staff cost                       | 12,500  | -   | 15,590  | -  |
| Travelling and<br>accommodation  | 6,614   | 8,659   | 16,616  | 13,059   |
| Other expenses                   | 29,511  | 959   | 120,435   | 6,445  |
| Total administrative<br>expenses | <u>381,625</u>                                      | <u>200,973</u>                                      | <u>708,792</u>                                    | <u>334,679</u>   |

5. Income tax expense

|  | Six-month ended<br>December 31, 2019<br>S\$ | For the financial period<br>from July 5, 2018<br>(date of incorporation)<br>to December 31, 2018<br>S\$ |
|--|---|---|
| Tax expense attributable to profit is<br>made up of: |   |   |
| - Current income tax                                 | 1,143,387                                   | -   |
| - Deferred income tax (Note 8)                       | (360,329)                                   | -   |
|  | <u>783,058</u>                              | <u>-</u>  |

**5. Income tax expense (continued)**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

|                                     | <b>Six-month ended<br/>December 31, 2019<br/>S\$</b> | <b>For the financial period<br/>from July 5, 2018<br/>(date of incorporation)<br/>to December 31, 2018<br/>S\$</b> |
|-------------------------------------|--|--|
| Profit before tax                   | 4,758,729  | -  |
| Tax calculated at a tax rate of 17% | 808,984  | -  |
| Effects of:                         |  |  |
| - Tax incentives                    | (25,926)   | -  |
|                                     | 783,058  | -  |

**6. Trade and other receivables**

|   | <b>December 31, 2019<br/>S\$</b> | <b>June 30, 2019<br/>S\$</b> |
|---|----------------------------------|------------------------------|
| Trade receivables - non related parties | 2,813,750                        | 7,600,000                    |
| Other receivables                       |                                  |                              |
| - Non related parties                   | 5,000                            | -                            |
| - Related parties                       | 3,119,839                        | 333,334                      |
| - Amount due from directors             | 1,339,745                        | -                            |
|   | 4,464,584                        | -                            |
|   | 7,278,334                        | 7,933,334                    |

Other receivables from related parties and amount due from directors are unsecured, interest-free and repayable on demand.

**7. Other payables**

|                                 | <b>December 31, 2019<br/>S\$</b> | <b>June 30, 2019<br/>S\$</b> |
|---------------------------------|----------------------------------|------------------------------|
| Amount due to directors         | -                                | 7,400,100                    |
| Accruals for operating expenses | 30,000                           | 15,000                       |
|                                 | 30,000                           | 7,415,100                    |

Amounts due to directors are unsecured, interest-free and repayable on demand.



**8. Deferred income tax liabilities**

The movements in deferred income tax liabilities are as follows:

|   | 31 December 2019 | 30 June 2019     |
|---|------------------|------------------|
|   | S\$              | S\$              |
| <i>Unremitted foreign income</i>            |                  |                  |
| Beginning of financial period               | 1,348,667        | -                |
| (Credit)/charged to profit or loss (Note 5) | (360,329)        | 1,348,667        |
| End of financial period                     | <u>988,338</u>   | <u>1,348,667</u> |

**9. Commitments**

Operating lease commitment – where the Company is a lessee

The Company leases officespace under operating lease from a related party.

The future minimum lease payable under operating lease contracted for at the reporting date but not recognised as liabilities, is as follows:

|                         | December 31, 2019 | June 30, 2019 |
|-------------------------|-------------------|---------------|
|                         | S\$               | S\$           |
| Not later than one year | <u>-</u>          | <u>33,618</u> |

**10. Share capital**

|   | No. of ordinary<br>shares | S\$            |
|---|---------------------------|----------------|
| <b>As at July 1, 2019 and December 31, 2019</b> | <u>100,000</u>            | <u>100,000</u> |
|   | No. of ordinary<br>shares | S\$            |
| <b>At July 5, 2018 (date of incorporation)</b>  | 100                       | 100            |
| Shares issued                                   | 99,900                    | 99,900         |
| <b>As at June 30, 2019</b>                      | <u>100,000</u>            | <u>100,000</u> |

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividend as and when declared by the Company.



# 11. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related party at terms agreed between the parties.

|   | Three-month<br>Ended<br>December 31,<br>2019<br>S\$ | Three-month<br>ended<br>December 31,<br>2018<br>S\$ | Six-month<br>ended<br>December 31,<br>2018<br>S\$ | For the financial<br>period<br>from July 5, 2018<br>(date of<br>incorporation)<br>to December 31,<br>2018<br>S\$ |
|---|---|---|---|--|
| Rental expenses<br>paid to related<br>parties | 8,333   | 15,518  | 33,477  | 20,690   |

Related parties refers to companies which are controlled by the Company's directors and their close family members.

## Key management personnel compensation

|  | Three-month<br>Ended<br>December 31,<br>2019<br>S\$ | Three-month<br>ended<br>December 31,<br>2018<br>S\$ | Six-month<br>ended<br>December 31,<br>2018<br>S\$ | For the financial<br>period<br>from July 5, 2018<br>(date of<br>incorporation)<br>to December 31,<br>2018<br>S\$ |
|--|---|---|---|--|
| Contract for services,<br>a director               | 30,000  | 30,000  | 60,000  | 50,000   |
| Contract for services,<br>a director               | 30,000  | 30,000  | 60,000  | 50,000   |
| Contract for services,<br>a director               | 30,000  | 30,000  | 60,000  | 50,000   |
| Contract for services, Chief<br>Financial Officer  | 30,000  | 24,000  | 60,000  | 40,000   |
| Contract for services,<br>Chief Investment Officer | 24,000  | 24,000  | 48,000  | 40,000   |
| Contract for services,<br>Chief Management Officer | 19,500  | 19,500  | 39,000  | 32,500   |
| Contract for services,<br>Chief Legal Officer      | 18,000  | 18,000  | 36,000  | 30,000   |

The services fee is paid to directors of the Company for the service performed for the financial period.

## 12. Financial risk management

### Financial risks factors

The Company's activities expose it to credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

The Board of Directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. This includes establishing detailed policies such as risk identification, measurement and exposure limits.

#### (a) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

Bank balances are placed with banks and financial institutions with high credit-ratings assigned by international credit rating agencies. Trade receivables are substantially companies with a good collection track record.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments present on the statement of financial position.

The Company has applied the simplified approach to measure the lifetime expected credit losses for trade receivables.

In measuring the expected credit losses, receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company has considered the customers' available credit history and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery, such as counterparty failing to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Bank balances and other receivables are subject to immaterial credit loss.

Based on management assessment, the receivables as at 31 December 2019 are not subject to any material credit losses.

#### (b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by maintaining sufficient bank balances to enable it to meet its operating commitments. As at the reporting date, all the non-derivative financial liabilities of the Company are due within 12 months. Balance due within 12 months equal their carrying amounts as the impact of discounting is not significant.

## 12. Financial risk management (continued)

Financial risks factors (continued)

### (c) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares.

The Company is not subject to any externally imposed capital requirements.

### (d) Fair value measurements

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

### (e) Financial instruments by category

The carrying amounts of the different categories of financial instruments are as disclosed on the face of the condensed statement of financial position except for the following:

|   | December 31, 2019 | June 30, 2019 |
|---|-------------------|---------------|
|   | S\$               | S\$           |
| Financial assets at amortised cost      | 7,409,697         | 10,036,068    |
| Financial liabilities at amortised cost | 30,000            | 7,415,100     |

## 13. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards that have been published and are mandatory for accounting periods beginning on or after July 1, 2019 or later periods and which the Company has not early adopted. The management anticipates that the adoption of the new standards, amendments and interpretations in the future periods will not have a material impact on the condensed interim financial statements of the Company in the period of their initial adoption.

## 14. Authorisation of financial statements for issue

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 28 February 2020.

**SCHEDULE "C"**

**RAFFLES MD&A FOR THE FINANCIAL PERIOD FROM JULY 5, 2018 (DATE OF  
INCORPORATION) TO JUNE 30, 2019 AND THE SIX-MONTH PERIOD ENDED  
DECEMBER 31, 2019**





**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS  
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2019**

**March 4, 2020**

The following Management's Discussion and Analysis ("MD&A") of the financial condition of Raffles Financial Private Limited. ("Raffles" or "the Company") and results of operations of the Company, should be read in conjunction with the audited financial statements for the financial period from 5 July 2018 (date of incorporation) to June 30, 2019 ("Audited Financial Statement"), and the condensed interim financial statements for the six-month period ended December 31, 2019 ("Interim Financial Statement"). The Audited Financial Statements and Interim Financial Statement together with this MD&A for the financial period ended December 31, 2019 are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

The Audited Financial Statements and Interim Financial Statements are presented in accordance with International Financial Reporting Standards ("IFRS"). The Company's accounting policies are described in Note 2 of the Audited Financial Statements and the Interim Financial Statements.

All monetary amounts are in Singapore dollars ("S\$") unless otherwise specified.

**Description of Business**

Raffles was incorporated on July 5, 2018, under the name "3R Strategic Holdings Private Limited" pursuant to The Companies Act (Chapter 50) of Singapore. Raffles changed its name to "Raffles Financial Private Limited" on March 21, 2019.

Raffles management and team work closely with public and private companies, governments and financial sponsors to originate, structure and execute equity and equity-linked financings such as initial public offerings, follow-on offerings, convertibles and derivatives. Raffles also provides guidance on capital structure across debt, hybrid, derivative and equity-linked products for organizations.

The current board and management are as follows as at the date of this MD&A:

- In Nany Sing Charlie, Executive Director and Chairman of the Board;
- Liu Changsheng Victor, Executive Director/Chief Executive Officer;
- Zhang Liying Abigail, Executive Director/Chief Investment Officer; and
- Kit Chan, Chief Financial Officer.

## **Overall Performance**

The level of the Company's future operations will be determined by the availability of capital resources, which will be derived from the future financings.

The Company has made profit since its incorporation and had a net profit of S\$3,975,671 for the six-month period ended December 31, 2019. For its last corresponding period ended December 31, 2018, the Company had a net loss of S\$334,679 which has been funded primarily by the operating cash flows.

## **Results of Operations**

The following is the Statement of Comprehensive Income of the Company for the three-month period and six-month period ended December 31, 2019 ("2Q2020" and "1H2020" respectively) which is compared with the last corresponding period from July 5, 2018 to September 30, 2018 ("Last Corresponding Period").

| For the financial period ended   | <u>Three-month</u><br><u>ended</u>               | <u>Three-month</u><br><u>ended</u>               | <u>Six-month</u><br><u>ended</u>                 | from July 5, 2018<br><u>(date of</u><br><u>incorporation)</u><br>to<br><u>December 31,</u><br><u>2018</u><br><u>S\$</u> |
|--|--|--|--|---|
|  | <u>December 31,</u><br><u>2019</u><br><u>S\$</u> | <u>December 31,</u><br><u>2018</u><br><u>S\$</u> | <u>December 31,</u><br><u>2019</u><br><u>S\$</u> | <u>December 31,</u><br><u>2018</u><br><u>S\$</u>  |
| Revenue  | 1,500,003  | -  | 5,466,672  | -   |
| Other income   | -  | -  | 849  | -   |
| Administrative expenses:   |  |  |  |   |
| - Contract for services  | (181,500)  | (175,500)  | (363,000)  | (292,500)   |
| - Listing expenses   | (138,471)  | -  | (154,359)  | -   |
| - Office expenses  | (1,890)  | (337)  | (2,509)  | (1,985)   |
| - Pension fund contribution  | (2,806)  | -  | (2,806)  | -   |
| - Rental on operating lease  | (8,333)  | (15,518)   | (33,477)   | (20,690)  |
| - Staff cost   | (12,500)   | -  | (15,590)   | -   |
| - Travelling & accommodation   | (6,614)  | (8,659)  | (16,616)   | (13,059)  |
| - Other expenses   | (29,511)   | (959)  | (120,435)  | (6,445)   |
| Profit/(Loss) before income tax  | 1,118,378  | (200,973)  | 4,758,729  | (334,679)   |
| Income tax expense   | (783,058)  | -  | (783,058)  | -   |
| <b>Total comprehensive income/(loss),<br/>representing net profit(loss) for the<br/>financial period</b> | <b>335,320</b>                                   | <b>(200,973)</b>                                 | <b>3,975,671</b>                                 | <b>(334,679)</b>  |

## Revenue - Service fee income

The following is a breakdown of the service fee income of the Company for 1Q2020 and 1H2020.

| For the period ended                                 | Three-month ended | Three-month ended | Six-month ended   | from July 5, 2018 (date of incorporation) to December 31, 2018 |
|--|-------------------|-------------------|-------------------|--|
|  | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018  |
|  | S\$               | S\$               | S\$               | S\$  |
| <i>Advisory fee - recognized at a point in time:</i> |                   |                   |                   |  |
| Re-structuring & Corporate Finance Advisory ("RCF")  | -                 | -                 | 1,400,000         | -  |
| IPO & Global Fund Raising Advisory ("IRS")           | -                 | -                 | 1,400,000         | -  |
| Fund, Family Office, Trust Advisory ("FOT")          | -                 | -                 | -                 | -  |
| <i>Licensing fee - recognized over time:</i>         |                   |                   |                   |  |
| FinTech Licensing As A Service ("FIT")               | 1,500,003         | -                 | 2,666,672         | -  |
| <b>Total service fee income</b>                      | <b>1,500,003</b>  | <b>-</b>          | <b>5,466,672</b>  | <b>-</b>   |

*During the six-month period ended December 31, 2019:*

In 1H2020, the Company recorded a service fee income of S\$5,466,672. The income was derived from two major service segments, namely (i) financial advisory service which was rendered at a point in time and (ii) licensing service which was rendered over time.

(i) The financial advisory service includes the followings areas;

- Providing advisory and expertise support on restructuring and reorganizing clients' assets so as to internationalize such assets in favourable jurisdictions ("RCF"). Such advisory fee income amounting to S\$1,400,000 was derived from one advisory service agreement with one repeat client who was also one of the clients in the financial year ended 30 June 2019. The provision of RCF service was recognised at a point in time upon satisfaction of a performance obligation, which is when services are rendered and accepted by the client. The Company successfully formulated tailor-made restructuring strategies and sourced M&A partner or vehicles in Singapore for the PRC client and brought their business to get public listed outside PRC via reverse take-over and joint ventures. This service transformed, securitised and internationalise the client's business from private and local entity to an oversea public listed company.
- Providing advisory and expertise support on public listings (such as initial public offerings) in various Asian countries and in other global markets ("IRS"). Such advisory fee income amounting to S\$1,400,000 was derived from one advisory service agreement with one repeat client who was also one of the clients in the financial year ended 30 June 2019. The provision of IRS services was recognised at a point in time upon satisfaction of a performance obligation, which is when services are rendered and accepted by the client. The Company helped its PRC client on listing preparation, appointment and verification of public listing matters and coordinating the works of the accountants, auditors, lawyers, bankers, independent experts, investors, media, valuers and various stakeholders, as well as investor relations counselling. The Company also led its clients to a significant improvement in market capitalization;
- Providing advisory and expertise support on funds, family offices and trusts regarding initial and

ongoing investments and portfolios, plus performance assessments ("FOT"). This involves helping its PRC clients on the selection and qualification of investment targets, set-up of funds and trusts, performance follow-thru consulting, investment risks for the asset protection and appreciation purposes. There was no revenue recognised for this service in 1H2020.

In performing our advisory service, the Company usually take a certain period of time to formulate the suite of solution and plan to the client, and once the suite of solution and facilities is delivered to and acknowledged by the client, our performance obligation under the service agreement is discharged and hence the corresponding service fee income shall be recognised at this point of time. The performance obligation is based on defined deliverables as predetermined with the client based on their needs, and this process is not truly worthwhile to and cannot be chargeable to the clients at halfway until the end result can be accomplished. Therefore, the basis of the recognition in the financial statement is only at the point of receipt of acknowledgement to our full-service package by the clients but not accruing over a period of time based on any input measures.

(ii) The Licensing fee

Licensing service refer to our FinTech Licensing As A Service ("FIT") which provides clients in any designated territory with various FinTech tools and advice on how to use the Company's brand and certain FinTech tools and techniques to better serve their ultimate clients. In providing such licensing services, the Company enters into a licensing agreement with the client which grants to the client (who is then regarded as the Company's Regional Representative in consideration of a fixed licensing fee) to:

- (a) the right to use the brand name of "Raffles Financial" in developing its customised financial advisory services in the designated region for an agreed period of time, and during such period, Raffles commits to provide full support to the client in rendering its customised financial advisory services to its ultimate customer, and;
- (b) provide certain financial technology-related resources, know-how, tools and techniques including but not limited to e-payment gateways, branded prepaid cards, web-based eWallets, high-speed buy-sell-swap transaction systems (collectively known as "FinTech") in the form of a license for use and as a service to the client for an agreed period of time.

The total licensing fee income recognised in 1H2020 was S\$2,666,672. Such licensing fee income recognised in 1H2020 was derived from three licensing agreements with a yearly service fee of S\$2 million each entered into with three clients in different provinces of Mainland China. The licensing fee from FIT is earned from the right to use the aforesaid Company's proprietary brands for a fixed fee under a non-cancellable contract, where a contract is granted to the licensee which permits the licensee to exploit the brands over the licensing period in any designated territory. Therefore, revenue is recognised over time by reference to the contract period.

In the Last Corresponding Period, there was no revenue recognized for all the segments because the business was at start-up stage.

***Net Profit, Other Income and Administrative Expenses***

*During the six-month period ended December 31, 2019:*

In 1H2020, the Company reported a net profit of S\$3,975,671. The other income and operating expenses incurred during the financial year are discussed below:

- Other income of S\$849 arose from an exchange gain from foreign currency translation in 1Q2020.



- Contract for service cost of S\$363,000 was paid to the directors and officers of the Company, in consideration of their services provided under service contracts. The significant increase compared to the Last Corresponding Period of S\$292,500 was due to additional contracts and cost adjustment.
- Rental on operating lease of S\$33,477 were paid for the office leases in various operating locations. The significant increase compared to the Last Corresponding Period of S\$20,690 was mainly due to one addition lease entered in the current period.
- Office expenses of S\$2,509 were incurred in relation to the expenses necessary to maintain the office operation. The significant increase compared to the Last Corresponding Period of S\$1,985 was due to increase business activities in 1H2020.
- Listing expenses of S\$154,359 represented professional and other expenses in relation to the Transaction as explained in the subsequent event section on P.11.
- Staff cost of S\$15,590 was paid to the employees of the Company for their day to day management and administration for the Company. The amount in 1H2020 arose from the additional employment of office staff.
- Travelling and accommodation expenses of S\$16,616 in 1H2020 were incurred in performing the advisory services by the directors and officers in local and overseas. The significant increase compared to the Last Corresponding Period of S\$13,059 was because at that time the business of Raffles was just commenced and in an early development stage, and hence lesser expenses related to business were incurred.
- Other expenses of S\$120,435 comprised mainly of business development and professional expenses incurred in 1H2020 which were incurred in relation to client sourcing and marketing activities, and internal business development. The significant increase compared to the Last Corresponding Period of S\$6,445 was because at that time the business of Raffles was just commenced and in an early development stage, and hence lesser expenses related to business were incurred.
- An income tax expense of S\$783,058 was provided for the 1H2020 using the Singapore standard rate of income tax.

### **Related Party Transactions**

*During the six-month period ended December 31, 2019:*

The Company considers all directors and officers of the Company to be key management personnel, and related parties. During 1H2020, the Company entered into the following transactions with the key management personnel as related party transactions:

- Paid or accrued contract for service cost of S\$60,000 to In Nany Sing Charlie, a director of the Company under contract for services.
- Paid or accrued contract for service cost of S\$60,000 to Zhang Liying, a director of the Company under contract for services.
- Paid or accrued contract for service cost of S\$60,000 to Liu Changsheng, a director of the Company under contract for services.

- Paid or accrued contract for service cost of S\$60,000 to the Chief Financial Officer of the Company under contract for services.
- Paid or accrued contract for service cost of S\$48,000 to the Chief Investment Officer of the Company under contract for services.
- Paid or accrued contract for service cost of S\$39,000 to the Chief Management Officer of the Company under contract for services.
- Paid or accrued contract for service cost of S\$36,000 to the Chief Legal Officer of the Company under contract for services.
- Paid or accrued rental expenses of S\$33,477 to a company controlled by the executive director and Chairman of the Board of the Company.
- An amount of S\$3,000,006 due from a company controlled by Liu Changsheng, a director of the Company. The amount was interest-free, non-secured and repayable on demand.
- An amount of S\$1,259,744 due from In Nany Sing Charlie, a director of the Company. The amount was interest-free, non-secured and repayable on demand.
- An amount of S\$40,000 due from Liu Changsheng, a director of the Company. The amount was interest-free, non-secured and repayable on demand.
- An amount of S\$40,000 due from Zhang Liying, a director of the Company. The amount was interest-free, non-secured and repayable on demand.

### **Commitments**

*As at the six-month period ended December 31, 2019:*

There was no commitment contracted for but not recognised as liabilities as at December 31, 2019.

### **Liquidity and Capital Resources**

| As At                   | December 31, 2019<br>S\$ | June 30, 2019<br>S\$ |
|-------------------------|--------------------------|----------------------|
| Bank balance            | 131,363                  | 2,102,734            |
| Current assets          | 7,409,697                | 10,036,068           |
| Current liabilities     | 1,785,387                | 8,027,100            |
| Non-current liabilities | 988,338                  | 1,348,667            |
| Shareholders' equity    | 4,635,972                | 660,301              |

The following is a breakdown of current assets of the Company as at financial period ended December 31, 2019 and the last financial period ended June 30, 2019.

| As At                            | December 31, 2019<br>S\$ | June 30, 2019<br>S\$ |
|----------------------------------|--------------------------|----------------------|
| <i>ASSETS – Current assets</i>   |                          |                      |
| Bank balance                     | 131,363                  | 2,102,734            |
| Trade receivables                | 2,813,750                | 7,600,000            |
| Deposit and prepayment           | 5,000                    | -                    |
| Amount due from a director       | 1,339,745                | -                    |
| Amounts due from related parties | 3,119,839                | 333,334              |
| <b>Total Assets</b>              | <b>7,409,697</b>         | <b>10,036,068</b>    |

*As at the six-month period ended June 30, 2019:*

The current assets of the Company as at June 30, 2019 comprised of trade receivables of S\$7,600,000, other receivable of S\$333,334 and a cash balance deposited in a bank in Singapore of S\$2,102,734.

The current assets of the Company as at December 31, 2019 comprised of trade receivables of S\$2,813,750, other receivables of S\$4,464,584, and a cash balance deposited in a bank in Singapore of S\$131,363. The trade receivables of S\$2.8 million as at December 31, 2019 mainly represented receivables from its services provided under the advisory services agreements. The outstanding trade receivable balances were arisen from two clients, and approximately S\$1.0 million was subsequently collected as at 28 February 2020. The other receivables mainly comprised of (i) the receivables from related parties of S\$3,119,839 which was largely the trade receivables in relation to the Company's licensing service segment collected by a related party in PRC on behalf, and (ii) the amount due from directors of S\$1,339,745. The other receivable related parties and directors was unsecured, interest-free and repayable on demand.

The Company recorded a decrease in the current assets from S\$10,036,068 as at June 30, 2019 to S\$7,409,697 as at December 31, 2019, attributable to the decrease in trade receivables whereas partly offset by the increase in an amount due from a director and other receivables from related parties. The decrease in the trade receivables from S\$7,600,000 as at June 30, 2019 to S\$2,813,750 as at December 31, 2019 was largely contributable to the subsequent settlement of the advisory service fees from clients. The increase in the amount due from a director of \$1,339,745 was due to an advance made to the director in the course of ordinary business, which was unsecured, interest-free and repayable on demand. The increase in other receivables from S\$333,334 as at June 30, 2019 to S\$3,119,839 as at December 31, 2019 was mainly due to the recurring and new licensing fee amounting to S\$2,666,672 collected by a related party from clients in PRC during the current period.

The following is a breakdown of liabilities of the Company as at financial period ended December 31, 2019, and the last financial period ended June 30, 2019;

| As At  | December 31, 2019<br>S\$ | June 30, 2019<br>S\$ |
|--|--------------------------|----------------------|
| <i>LIABILITIES – Current liabilities</i>     |                          |                      |
| Accruals                                     | 30,000                   | 15,000               |
| Amounts due to directors                     | -                        | 7,400,100            |
| Current income tax liabilities               | 1,755,387                | 612,000              |
|  | 1,785,387                | 8,027,100            |
| <i>LIABILITIES – Non-current liabilities</i> |                          |                      |
| Deferred income tax liabilities              | 988,338                  | 1,348,667            |
| <b>Total Liabilities</b>                     | <b>2,773,725</b>         | <b>9,375,767</b>     |

*As at the six-month period ended December 31, 2019:*

The current liabilities of the Company as at December 31, 2019 comprised of other payables of S\$30,000 which were accruals for operating expenses, and current income tax liabilities of S\$1,755,387.

The Company recorded a decrease in the total liabilities from S\$8,027,100 as at June 30, 2019 to S\$1,785,387 as at December 31, 2019, attributable to the decrease in other payables. The decrease in other payables from S\$7,415,100 as at June 30, 2019 to S\$30,000 as at December 31, 2019 was due to settlements against the other payables which ascribed largely to the amount due to directors amounting to S\$7,400,100 during the current period 1H2020.

The non-current liabilities of the Company as at December 31, 2019 was a provision of deferred income tax liabilities of S\$988,338 in connection to unremitted foreign income, and which was decreased from \$1,348,667 as at June 30, 2019. It was because a part of income tax liabilities in non-current portion was reclassified to current liabilities due to the foreign income having remitted into Singapore which was then subject to Singapore Income tax.

The Company does not have any commitments for material capital expenditures, and none are presently contemplated other than normal operating requirements and as disclosed above.

The Company generally financed its working capital requirements through a combination of cash generated from its operating activities and advance from directors to fund its staff cost, operating expenses and administrative costs. Moving forward, the Company expect to fund its working capital requirements with a combination of various sources, including but not limited to cash generated from its operations and the net proceeds from share offer exercise, as well as other possible equity financings as and when appropriate.

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| For the financial period ended                          | Six-month ended<br>December 31, 2019 | from July 5, 2018<br>(date of<br>incorporation) to<br>December 31, 2018 |
|---|--------------------------------------|---|
|   | S\$                                  | S\$   |
| Net cash (used in)/generated from operating activities  | (1,564,138)                          | 11,002,734  |
| Net cash used in financing activities                   | -                                    | (8,900,000)   |
| <b>Net (decrease)/increase in cash and bank balance</b> | <b>(1,564,138)</b>                   | <b>2,102,734</b>  |

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*During the six-month period ended December 31, 2019:*

- The Company generated operating cash inflow before working capital changes of S\$4,758,729 from operating activities. The changes in working capital comprise of a decrease in trade and other receivables of S\$655,000 and a decrease in other payables of S\$7,385,100.

### **Off Balance Sheet Agreements**

The Company has not engaged in any off-balance sheet arrangements during the financial period ended December 31, 2019.

## **Critical Accounting Policies and Estimates**

The details of the Company's significant accounting policies are presented in Note 2 of the Audited Financial Statements and the Condensed Interim Financial Statements.

## **Capital Management**

Capital is comprised of the Company's shareholders' equity. The Company's shareholders' equity as at June 30, 2019 and as at December 31, 2019 were S\$660,301 and S\$4,635,972 respectively. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

## **Management Financial Risks**

### *Financial risks factors*

The Company's activities expose it to credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

The Board of Directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. This includes establishing detailed policies such as risk identification, measurement and exposure limits.

#### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties. The Group also has a credit risk management process to measure, monitor and control such credit risk with customer. Its credit policy defines the credit extension and measurement criteria, credit review, approval and monitoring and following-up processes. Credit risk exposures are measured and monitored against credit limits and other control limits approved by directors. Segregation of duties in key credit functions is in place to ensure separate credit control and monitoring among different directors. Management and recovery of problem credits are handled by a separate working team. Long outstanding receivables are closely monitored and duly followed up with procedures as set up in credit risk policy.

The ageing analysis of the trade receivables as of December 31, 2019, is as follows. Based on management assessment, the trade receivables as at December 31, 2019 are not subject to any material credit losses.

| Client       | Balances<br>as at<br>December 31, 2019 | No. of days past due |
|--------------|--|----------------------|
|              | S\$                                    |                      |
| Client A     | \$13,750                               | 197 days             |
| Client B     | <u>\$2,800,000</u>                     | 154 days             |
| <b>TOTAL</b> | <b>\$2,813,750</b>                     |                      |

Most of our clients pay on time for services rendered and the Company will only grant a longer credit terms case by case on a discretionary basis. This is not an ongoing practice of the Company, nevertheless the factors of allowing a longer credit term to the client owing S\$2,800,000 include but not limited to;

- (i) the Company expected the difficulty faced by the client to be temporary in nature and not to permanently affect the client's business and ability to make repayment;
- (ii) as the client had a good repayment history and it was repeating client, the Company is also of the view that it was with good credit quality and low default risk;
- (iii) in order to retain good business relationship and hope for follow-up advisory service can be secured with the client;
- (iv) The granting of longer credit term would not have materially impact on the Company's operation as our working capital and operating cash flow requirement are low;
- (v) The management also considered that the aging situation was acceptable in the current PRC business environment and practice. Moreover, the Company is still in close contact with its clients and they have made partial repayments to the Company up to 29 Feb 2020. This is evidence of their intention to settle their bills and hence no further follow up recovery action had been taken.

Bank balances are placed with banks and financial institutions with high credit-ratings assigned by international credit rating agencies. Trade receivables are substantially companies with a good collection track record.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments present on the statement of financial position.

The Company has applied the simplified approach to measure the lifetime expected credit losses for trade receivables.

In measuring the expected credit losses, receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company has considered the customers' available credit history and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery, such as counterparty failing to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Bank balances and other receivables are subject to immaterial credit loss.

Based on management assessment, the receivables as at December 31, 2019 are not subject to any material credit losses.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by maintaining sufficient bank balances to enable it to meet its operating commitments. As at the reporting date, all the non-derivative financial liabilities of the Company are due within 12 months. Balance due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(c) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares.

The Company is not subject to any externally imposed capital requirements.

(d) Fair value measurements

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(e) Financial instruments by category

The carrying amounts of the different categories of financial instruments are as disclosed on the face of the statement of financial position except for the following:

| As at period ended                      | Unaudited<br>December 31, 2019<br>S\$ | Audited<br>June 30, 2019<br>S\$ |
|---|---------------------------------------|---------------------------------|
| Financial assets at amortised cost      | 7,409,697                             | 10,036,068                      |
| Financial liabilities at amortised cost | 30,000                                | 7,415,100                       |

**Subsequent Event**

*(a) Share Exchange Agreement and proposed transaction*

Explorex Resources Inc. ("Explorex") which is listed on the Canadian Stock Exchange ("CSE"), has entered into a definitive share exchange agreement dated December 20, 2019 (the "Share Exchange Agreement") with the Company and the shareholders of the Company (the "Raffles Shareholders") to acquire all of the outstanding shares of the Company (the "Transaction"). The Company is arm's-length to Explorex and the proposed transaction will constitute a "fundamental change" for Explorex under the CSE Policy 8.

The Share Exchange Agreement among the Company, Explorex and the Raffles Shareholders will result in

a reverse takeover of Explorex by the Company's Shareholders (the "Reverse Takeover").

*(b) Continuation*

Upon completion of the Transaction and certain related transactions described herein, Explorex expects that it, as the resulting issuer (the "Resulting Issuer") will effect a name change to Raffles Financial Group Limited ("RFGL") and complete a share consolidation. RFGL also proposes to continue its corporate jurisdiction from British Columbia to the Cayman Islands (the "Continuation").

Concurrently, Explorex entered into an arrangement agreement dated January 28, 2020 to complete a plan of arrangement ("POA") under the Business Corporations Act (British Columbia) with its newly incorporated wholly-owned subsidiary, Origen Resources Inc. (formerly 1223104 B.C. Ltd.), whereby Explorex's current mineral exploration assets, liabilities and estimated \$500,000 of cash will be spun out to Origen Resources Inc. in accordance with the POA, and Origen Resources Inc. (formerly 1223104 B.C. Ltd.) will apply to be listed on the CSE.

*(c) Concurrent Financing*

Concurrent with or prior to closing of the Transaction, the Company will complete a private placement of the Company's Post-Consolidation Shares or securities convertible into Post-Consolidation Shares at a price of \$5.00 per Post-Consolidation Share for estimated gross proceeds of \$20,000,000 (the "Concurrent Financing"). Share issuance costs are estimated to be 7% or \$1,400,000. Each Post-Consolidation Share issued pursuant to the Concurrent Financing will be exchanged for one Resulting Issuer Share upon completion of the Transaction.

Conditions to Closing the Transaction and Required Approvals

The completion of the Transaction is subject to the satisfaction of various conditions including but not limited to (i) the completion of the Concurrent Financing for up to \$20,000,000; (ii) the approval by the shareholders of Explorex in respect of the Transaction as a "fundamental change", the Continuation and the POA; and (iii) receipt of all requisite regulatory, CSE, court or governmental authorizations and third party approvals or consents.

**Forward-Looking Information**

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. Forward looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Singapore dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Singapore, the Peoples' Republic of China, Hong Kong, or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Readers are cautioned that forward-looking statements are not



guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

## **Quarterly Financial Information**

### **(a) Statement of Financial Position of the Company**

|  | As at<br>Dec 31,<br>2019 | As at<br>Sept 30,<br>2019 | As at<br>Jun 30,<br>2019 | As at<br>Mar 31,<br>2019 | As at<br>Dec 31,<br>2018 | As at<br>Sept 30,<br>2018 |
|--|--------------------------|---------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| <b><u>ASSETS AND LIABILITIES</u></b>       | <b>SGD</b>               | <b>SGD</b>                | <b>SGD</b>               | <b>SGD</b>               | <b>SGD</b>               | <b>SGD</b>                |
| <b>Current assets</b>                      |                          |                           |                          |                          |                          |                           |
| Trade receivables                          | 2,813,750                | 2,813,750                 | 7,600,000                | 7,600,000                | -                        | -                         |
| Other receivables                          | 5,000                    | -                         | -                        | -                        | -                        | -                         |
| Amount due from directors                  | 1,339,745                | 1,540,000                 | -                        | -                        | -                        | -                         |
| Amount due from related parties            | 3,119,839                | 1,648,170                 | 333,334                  | -                        | -                        | -                         |
| Bank balances                              | 131,363                  | 538,596                   | 2,102,734                | 2,789                    | 2,789                    | 3,000                     |
|  | 7,409,697                | 6,540,516                 | 10,036,068               | 7,602,789                | 2,789                    | 3,000                     |
| <b>Current liabilities</b>                 |                          |                           |                          |                          |                          |                           |
| Accruals for operating expenses            | 30,000                   | 15,000                    | 15,000                   | 468,000                  | 292,500                  | 117,000                   |
| Amount due to directors                    | -                        | 264,197                   | 7,400,100                | 74,037                   | 44,869                   | 19,606                    |
| Income tax liabilities                     | 1,755,387                | 612,000                   | 612,000                  | -                        | -                        | -                         |
|  | 1,785,387                | 891,197                   | 8,027,100                | 542,037                  | 337,369                  | 136,606                   |
| <b>Non-current liabilities</b>             |                          |                           |                          |                          |                          |                           |
| Deferred income tax liabilities            | 988,338                  | 1,348,667                 | 1,348,667                | -                        | -                        | -                         |
| Total liabilities                          | 2,773,725                | 2,239,864                 | 9,375,767                | -                        | -                        | -                         |
| <b>Net assets/(liabilities)</b>            | <b>4,635,972</b>         | <b>4,300,652</b>          | <b>660,301</b>           | <b>7,060,752</b>         | <b>(334,580)</b>         | <b>(133,606)</b>          |
| <b><u>EQUITY</u></b>                       |                          |                           |                          |                          |                          |                           |
| Share capital                              | 100,000                  | 100,000                   | 100,000                  | 100                      | 100                      | 100                       |
| Share premium                              | -                        | -                         | -                        | -                        | -                        | -                         |
| Net profit/(loss) for the period           | 335,320                  | 3,640,351                 | 2,499,649                | 7,395,331                | (200,973)                | (133,706)                 |
| Retained profits/accumulated losses        | 4,200,652                | 560,301                   | 7,060,652                | (334,679)                | (133,707)                | -                         |
| Dividend distribution for all shareholders | -                        | -                         | (9,000,000)              | -                        | -                        | -                         |
| <b>Total equity/(deficit)</b>              | <b>4,635,972</b>         | <b>4,300,652</b>          | <b>660,301</b>           | <b>7,060,752</b>         | <b>(334,580)</b>         | <b>(133,606)</b>          |

**(b) Statement of Comprehensive Income of the Company**

|   | Oct 1,<br>2019               | Jul 1,<br>2019                | Apr 1,<br>2019               | Jan 1,<br>2019               | Oct 1,<br>2018               | Jul 5,<br>2018<br>(date of<br>incorporation) |
|---|------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|--|
|   | to<br>Dec 31,<br>2019<br>SGD | to<br>Sept 30,<br>2019<br>SGD | to<br>Jun 30,<br>2019<br>SGD | to<br>Mar 31,<br>2019<br>SGD | to<br>Dec 31,<br>2018<br>SGD | to<br>Sept 30,<br>2018<br>SGD                |
| Advisory fee  | -                            | 2,800,000                     | 3,600,000                    | 7,600,000                    | -                            | -  |
| Licensing fee   | 1,500,003                    | 1,166,669                     | 333,334                      | -                            | -                            | -  |
| <b>Revenue</b>  | <b>1,500,003</b>             | <b>3,966,669</b>              | <b>3,933,334</b>             | <b>7,600,000</b>             | <b>-</b>                     | <b>-</b>                                     |
| Other income  | -                            | 849                           | 770,316                      | -                            | -                            | -  |
| - Contract for services   | 181,500                      | 181,500                       | 175,500                      | 175,500                      | 175,500                      | 117,000                                      |
| - Listing expenses  | 138,471                      | 68,433                        | -                            | -                            | -                            | -  |
| - Office expenses   | 1,890                        | 619                           | 363                          | -                            | 337                          | 1,648  |
| - Pension fund contribution   | 2,806                        | -                             | -                            | -                            | -                            | -  |
| - Rental on operating lease   | 8,333                        | 25,144                        | 16,810                       | 16,810                       | 15,518                       | 5,172  |
| - Staff cost  | 12,500                       | 3,090                         | -                            | -                            | -                            | -  |
| - Travelling & accommodation  | 6,614                        | 10,004                        | 35,510                       | 8,881                        | 8,659                        | 4,400  |
| - Other expenses  | 29,511                       | 38,377                        | 15,151                       | 3,478                        | 959                          | 5,486  |
| Administrative expenses   | <b>381,625</b>               | <b>327,167</b>                | <b>243,334</b>               | <b>204,669</b>               | <b>200,973</b>               | <b>133,706</b>                               |
| <b>Profit/(loss) before income tax</b>  | <b>1,118,378</b>             | <b>3,640,351</b>              | <b>4,460,316</b>             | <b>7,395,331</b>             | <b>(200,973)</b>             | <b>(133,706)</b>                             |
| Income tax expense  | 783,058                      | -                             | 1,960,667                    | -                            | -                            | -  |
| <b>Total comprehensive Income/(loss),<br/>representing net profit/(loss) for the<br/>financial period</b> | <b>335,320</b>               | <b>3,640,351</b>              | <b>2,499,649</b>             | <b>7,395,331</b>             | <b>(200,973)</b>             | <b>(133,706)</b>                             |

**SCHEDULE "D"**

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF RAFFLES  
AS AT DECEMBER 31, 2019**

**Raffles Financial Group Limited**  
**(formerly known as Explorex Resources Inc.)**

Pro-Forma Consolidated Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars, except where specified  
otherwise)

December 31, 2019

# Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)

## Pro-Forma Consolidated Statement of Financial Position

(Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

|   | Raffles<br>Financial<br>Group<br>Limited<br>(FKA<br>Explorex<br>Resources<br>Inc.)<br>As at<br>December<br>31, 2019<br>\$ | Raffles Financial<br>Private Ltd.<br>As at December<br>31, 2019<br>\$ | Note  | Pro-forma<br>Adjustment<br>\$   | Pro-forma<br>Consolidated<br>As at December<br>31, 2019<br>\$ |
|---|---|---|---|---|---|
| <b>ASSETS</b>                                   |   |   |   |   |   |
| <b>Current</b>                                  |   |   |   |   |   |
| Cash  | 48,078  | 127,028   | 3 (a)<br>3(b)<br>3 (d)<br>3 (e)                       | 465,000<br>(538,291)<br>18,600,000<br>(150,000)   | 18,551,815  |
| Receivable                                      | 37,275  | -   | 3(b)  | (37,275)  | -   |
| Prepaid expenses                                | 8,503   | -   | 3(b)  | (8,503)   | -   |
| Trade and other receivables                     | -   | 7,038,149   |   | -   | 7,038,149   |
|   | <b>93,856</b>   | <b>7,165,177</b>  |   | <b>18,330,931</b>   | <b>25,589,964</b>   |
| Exploration and evaluation assets               | 811,441   | -   | 3(b)  | (811,441)   | -   |
|   | <b>905,297</b>  | <b>7,165,177</b>  |   | <b>17,519,490</b>   | <b>25,589,964</b>   |
| <b>LIABILITIES AND<br/>SHAREHOLDERS' EQUITY</b> |   |   |   |   |   |
| <b>Current</b>                                  |   |   |   |   |   |
| Accounts payable and accrued<br>liabilities     | 185,149   | -   | 3(b)  | (185,149)   | -   |
| Other payables                                  | -   | 29,010  | 3(b)  | (25,213)  | 3,797   |
| Tax payable                                     | -   | 1,697,459   |   | -   | 1,697,459   |
| Flow-through obligation                         | 31,000  | -   | 3(b)  | (31,000)  | -   |
|   | <b>216,149</b>  | <b>1,726,469</b>  |   | <b>(241,362)</b>  | <b>1,701,256</b>  |
| Deferred income tax liabilities                 | -   | 955,723   |   | -   | 955,723   |
|   | <b>216,149</b>  | <b>2,682,192</b>  |   | <b>(241,362)</b>  | <b>2,656,979</b>  |
| <b>Shareholders' equity</b>                     |   |   |   |   |   |
| Share capital                                   | 5,114,870   | 96,700  | 3(a)<br>3(a)<br>3(c)<br>3(c)<br>3(d)<br>3(d)<br>3 (e) | 500,000<br>(35,000)<br>(5,579,870)<br>5,250,000<br>20,000,000<br>(1,400,000)<br>150,000 | 24,096,700  |
| Share-based payment reserve                     | 536,627   | -   | 3 (c)   | (536,627)   | -   |
| Cumulative translation allowance                | -   | 19,672  |   | -   | 19,672  |
| Deficit   | (4,962,349)   | 4,366,613   | 3(b)<br>3 (c)<br>3 (c)<br>3 (e)                       | (1,154,148)<br>6,116,497<br>(5,250,000)<br>(300,000)                                    | (1,183,387)   |
|   | <b>689,148</b>  | <b>4,482,985</b>  |   | <b>17,760,852</b>   | <b>22,932,985</b>   |
|   | <b>905,297</b>  | <b>7,165,177</b>  |   | <b>17,519,490</b>   | <b>25,589,964</b>   |

The accompanying notes are an integral part of these unaudited pro-forma consolidated financial statements.

# Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)

## Pro-Forma Consolidated Statement of Income (Loss) and Comprehensive Income (Loss) (Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

|   | Raffles Financial<br>Group Limited (FKA<br>Explorex Resources<br>Inc.) | Raffles Financial<br>Private Ltd. |      | Pro-forma<br>Adjustment | Pro-forma<br>Consolidated |
|---|--|-----------------------------------|------|-------------------------|---------------------------|
|   | Twelve Months<br>Ended   | Twelve Months<br>Ended            |      |                         | Twelve<br>Months Ended    |
|   | December 31,   | December 31,                      |      |                         | December 31,              |
|   | 2019   | 2019                              | Note |                         | 2019                      |
|   | \$   | \$                                |      | \$                      | \$                        |
| <b>Revenue</b>  | -  | 16,589,032                        | 3(b) | -                       | 16,589,032                |
| Other income  | -  | 752,522                           | 3(b) | -                       | 752,522                   |
| <b>Expenses</b>   |  |                                   |      |                         |                           |
| Advertising and marketing   | 274,242  | -                                 | 3(b) | (274,242)               | -                         |
| Consulting  | 80,439   | -                                 | 3(b) | (80,439)                | -                         |
| Contract for services   | -  | 699,754                           | 3(b) | -                       | 699,754                   |
| Finder fee  | -  | -                                 | 3(d) | 300,000                 | 300,000                   |
| General office  | 52,339   | 17,739                            | 3(b) | (52,339)                | 17,739                    |
| Management fees   | 230,700  | -                                 | 3(b) | (230,700)               | -                         |
| Other expenses  | -  | 121,064                           | 3(b) | -                       | 121,064                   |
| Professional fees   | 93,301   | 165,264                           | 3(b) | (93,301)                | 165,264                   |
| Property investigation  | 7,119  | -                                 | 3(b) | (7,119)                 | -                         |
| Rent  | -  | 65,475                            | 3(b) | -                       | 65,475                    |
| Share-based payments  | 225,853  | -                                 | 3(b) | (225,853)               | -                         |
| Transfer agent and filing fees  | 12,630   | -                                 | 3(b) | (12,630)                | -                         |
| Travel  | 4,522  | 59,533                            | 3(b) | (4,522)                 | 59,533                    |
| <b>Total expenses</b>   | <b>(981,145)</b>   | <b>(1,128,829)</b>                |      | <b>681,145</b>          | <b>(1,428,829)</b>        |
|   |  |                                   |      |                         | -                         |
| Listing fee   | -  | -                                 | 3(c) | (5,250,000)             | (5,250,000)               |
| Reduction of flow-through<br>premium liability                              | 23,441   | -                                 | 3(b) | (23,441)                | -                         |
| Write off of exploration and<br>evaluation assets                           | (342,932)  | -                                 | 3(b) | 342,932                 | -                         |
| <b>Income (loss)</b>  | <b>(1,300,636)</b>   | <b>16,212,725</b>                 |      | <b>(4,249,364)</b>      | <b>10,662,725</b>         |
| Income tax expenses   | -  | (2,677,395)                       |      | -                       | (2,677,395)               |
| <b>Income (loss) and<br/>comprehensive income (loss)<br/>for the period</b> | <b>(1,300,636)</b>   | <b>13,535,330</b>                 |      | <b>(4,249,364)</b>      | <b>7,985,330</b>          |

The accompanying notes are an integral part of these unaudited pro-forma consolidated financial statements.

# **Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)**

## **Notes to the Pro-Forma Consolidated Financial Statements**

**Unaudited – Prepared by Management) (Expressed in Canadian Dollars)**

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### **1 PROPOSED ARRANGEMENT**

The accompanying unaudited pro-forma consolidated financial statements of Explorex Resources Inc. ("Explorex" or the "Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") from information derived from the financial statements of Explorex and the financial statements of Raffles Financial Private Ltd. ("Raffles") using the same accounting policies as described in Raffles' annual financial statements together with other information available to the Company. The unaudited pro-forma consolidated financial statements have been prepared for inclusion in the information circular in conjunction with the Reverse Takeover of Raffles (as defined below) and spinout of Explorex's assets and liabilities to Origen Resources Inc., a wholly-owned subsidiary of Explorex ("Spinco").

#### **(a) Share Exchange Agreement**

Explorex has entered into a definitive share exchange agreement dated December 20, 2019 (the "Share Exchange Agreement") with Raffles and the shareholders of Raffles (the "Raffles Shareholders") to acquire all of the outstanding shares of Raffles, a company incorporated under the laws of Singapore and operating in Singapore, with regional branch offices in Sydney, Australia, Beijing and Hong Kong ("Transaction"). Raffles is arm's-length to Explorex and is a diversified financial services company that provides corporate finance advisory services related to IPO investments and arrangements, advice related to investment management, wealth and family office strategy counsel, and investment governance and oversight of funds. The proposed Transaction will constitute a "fundamental change" for Explorex under CSE Policy 8.

The Share Exchange Agreement among Explorex, Raffles and the Raffles Shareholders will result in a reverse takeover of Explorex by the Raffles Shareholders (the "Reverse Takeover").

#### **(b) Continuation**

Upon completion of the Transaction and certain related transactions described herein, Explorex expects that it, as the resulting issuer (the "Resulting Issuer") will effect a name change to Raffles Financial Group Limited ("RFGL") and complete a share consolidation (see below). RFGL also proposes to continue its corporate jurisdiction from British Columbia to the Cayman Islands (the "Continuation"). Concurrently before closing the Transaction, RFGL will complete a plan of arrangement ("POA") under the Business Corporations Act (British Columbia) with its wholly-owned subsidiary, Origen Resources Inc. ("Origen"), whereby RFGL's current mineral exploration assets and liabilities and an estimated amount of \$500,000 of cash will be spun out to Origen in accordance with the POA, and Origen will apply to be listed on the CSE.



## **Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)**

Notes to the Pro-Forma Consolidated Financial Statements

Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

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### **1 PROPOSED ARRANGEMENT (continued)**

#### **(c) Share Consolidation**

Prior to the closing of the Transaction, RFGL will consolidate its outstanding Common Shares on the basis of approximately 25.95 pre-consolidation RFGL Shares for each one RFGL post-consolidation share (the "Post-Consolidation Share") (the "Consolidation") or such other number of pre-consolidation RFGL Common Shares such that the Consolidation results in 1,050,000 post-Consolidation RFGL Shares outstanding immediately before closing. The Raffles Shareholders will then be issued an aggregate of 45,000,000 post-Consolidation RFGL Common Shares. The Concurrent Financing described below is expected to result in the issuance of 4,000,000 post-Consolidation Common Shares, such that giving effect to the Concurrent Financing, a total of 50,050,000 post-Consolidation RFGL Common Shares will be outstanding, with the former Raffles Shareholders holding approximately 89.9% of the outstanding Common Shares.

#### **(d) Concurrent Financing**

Concurrent with or prior to closing of the Transaction, Raffles will complete a private placement of Raffles Post-Consolidation Shares or securities convertible into Raffles Post-Consolidation Shares at a price of \$5.00 per Raffles Post-Consolidation Share for estimated gross proceeds of \$20,000,000 (the "Concurrent Financing"). Share issuance costs are estimated to be 7% or \$1,400,000. Each Raffles Post-Consolidation Share issued pursuant to the Concurrent Financing will be exchanged for one Resulting Issuer Share upon completion of the Transaction.

#### **Conditions to Closing the Transaction and Required Approvals**

The completion of the Transaction is subject to the satisfaction of various conditions including but not limited to (i) the completion of a concurrent financing for up to \$20,000,000 (the "Financing"); (ii) the approval by the shareholders of Explorex in respect of the Transaction as a "fundamental change", the Continuation and the POA; and (iii) receipt of all requisite regulatory, CSE, court or governmental authorizations and third party approvals or consents.

# **Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)**

## **Notes to the Pro-Forma Consolidated Financial Statements**

**Unaudited – Prepared by Management) (Expressed in Canadian Dollars)**

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### **1 PROPOSED ARRANGEMENT (continued)**

The common share ownership of RFGL as the Resulting Issuer subsequent to the Reverse Takeover, and the additional transactions noted above (based on the existing terms as contemplated herein) will be as follows:

- a. 89.9% owned by the shareholders of Raffles;
- b. 8% owned by the subscriber of a private placement; and
- c. 2.1% owned by the previous shareholders of RFGL.

### **2 BASIS OF PRESENTATION**

The accompanying unaudited pro forma consolidated financial statements have been prepared by management to give effect to (i) the Share Exchange Agreement, (ii) the Continuation, (iii) the Concurrent Financing, and (iv) the Consolidation. In the opinion of management, the unaudited pro-forma consolidated financial statements include all adjustments necessary for the fair presentation of the transactions described in Note 1 in accordance with International Financial Reporting Standards (see Note 3 “Pro Forma Assumptions and Adjustments”).

The unaudited pro forma consolidated financial statements have been prepared for illustrative purposes only and may not be indicative of the financial position and results of operations that would have occurred if the transactions had taken place on the dates indicated or of the financial position or operating results which may be obtained in the future. The unaudited pro-forma consolidated financial statements are not a forecast or projection of future results. The actual financial statements and results of Explorex for any period following December 31, 2019 will likely vary from the amounts set forth in the unaudited pro forma consolidated financial statements and such variation may be material.

The unaudited pro-forma consolidated financial statements should be read in conjunction with:

- (a) RFGL’s condensed interim consolidated financial statements as at December 31, 2019.
- (b) Raffles’ audited financial statements as at June 30, 2019, and interim financial statement for the six-month period ended December 31, 2019.
- (c) RFGL’s carve-out condensed interim consolidated financial statements as at December 31, 2019.
- (d) The additional information set out in Note 3.

The unaudited pro-forma consolidated statement of financial position has been prepared as if the acquisitions described in Note 1 had occurred on December 31, 2019. The unaudited pro-forma consolidated statement of income (loss) and comprehensive income (loss) for the 12 months ended December 31, 2019 has been prepared as if the proposed arrangement described in Note 1 had occurred on January 1, 2019.

## **Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)**

### **Notes to the Pro-Forma Consolidated Financial Statements**

**Unaudited – Prepared by Management) (Expressed in Canadian Dollars)**

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## **2 BASIS OF PRESENTATION (continued)**

RFGL's statement of income (loss) and comprehensive income (loss) for the twelve months ended December 31, 2019 is based on the results reported in RFGL's statement of loss and comprehensive loss for the year end March 31, 2019, less the results for the nine months ended December 31, 2018 plus the results for the nine months ended December 31, 2019. The Raffles' statement of income and comprehensive income for the twelve months ended December 31, 2019 is based on the sum of the results reported in the Raffles' statement of comprehensive income for the three month period ended March 31, 2019, three month period ended June 30, 2019, three month period ended September 30, 2019, and three month period ended December 31, 2019 (see note 5).

## **3 PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS**

The unaudited pro-forma consolidated financial statements incorporate the following pro-forma assumptions and adjustments to give effect to the transactions described in Note 1 and other transactions described below as if they had occurred on December 31, 2019 in the case of the unaudited pro-forma consolidated statement of financial position and consolidated statement of income (loss) and comprehensive income (loss):

### **a. RFGL's financing**

RFGL will issue 2,272,727 shares (87,593 shares post consolidation) at a price of \$0.22 for funds of \$500,000 in relation to a private placement before the spinout, which will be used to fund Origen for the Continuation of RFGL's current mineral exploration business.

Share issuance cost is estimated to be 7% of the gross proceeds payable in cash, i.e. \$35,000.

### **b. Spin-out of RFGL's assets and liabilities to Origen**

Pursuant to the Arrangement Agreement and the Asset Purchase Agreement, Origen will also be transferred all business, corporate, legal and accounting books, records and documents used in the conduct of and related to the undertakings of the mineral explorations assets, all equipment, hardware, software, office supplies, fixtures, and other tangible property owned, leased or held by or on behalf of RFGL and \$500,000 in cash. Origen will also assume the liabilities of RFGL. Included in RFGL's receivables is a receivable owing from Raffles relating to transactions costs associated with the proposed transactions, upon closing the Raffles will settle this balance.

### **c. Reverse takeover accounting**

Prior to the closing of the Transaction, RFGL will consolidate its outstanding Common Shares on the basis of approximately 25.95 pre-consolidation RFGL Shares for each one RFGL post-consolidation share such that the Consolidation results in 1,050,000 post-Consolidation RFGL Shares outstanding immediately before closing at \$5.00 per share, which is the per share price of the Raffles Concurrent Financing described in Note 3 (d) as the fair value of the share.

**Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)**

Notes to the Pro-Forma Consolidated Financial Statements

Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

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**3 PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS (continued)**

## c. Reverse takeover accounting (continued)

The Company will complete such reverse takeover transaction pursuant to the Share Exchange Agreement in which the Company acquired Raffles. For accounting purposes, Raffles is deemed to be the accounting acquirer in such reverse takeover transaction. The net assets of Explorex are included at fair value, assumed to be equal to their carrying value at December 31, 2019.

Replacement warrants of RFGL have no incremental value. RFGL's stock options holders have voluntarily surrendered their stock options.

The allocation of estimated consideration transferred is summarize as follows:

| <b>Purchase Price</b>   |              |
|---|--------------|
| Fair value of the common shares of the resulting issuer held by Explorex<br>(1,050,000 common shares at \$5.00) | \$ 5,250,000 |
| Purchase price  | 5,250,000    |
| Allocation of purchase price:   |              |
| Charge to RTO listing fee   | \$ 5,250,000 |

## d. Concurrent Raffles Financing

In connection with the \$20,000,000 of Concurrent Financing described in Note 1 (d), Raffles is assumed to have received cash net proceeds of \$18,600,000 prior to December 31, 2019.

Share issuance cost is estimated to be 7% of the gross proceeds payable in cash, i.e. \$1,400,000.

## e. Transaction costs

An estimated finder's fees of \$300,000 (\$150,000 in cash and 30,000 resulting issuer shares valued at \$5.00 for a value of \$150,000) are expected to be paid by the Resulting Issuer in respect of the consummation of the Transaction and have been recorded as transaction costs.

**Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)**

Notes to the Pro-Forma Consolidated Financial Statements

Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

**4 CAPITAL STOCK AND RESERVES****Equity**

Authorized:

Unlimited common shares without par value

Issued:

|   | <b>Capital Stock</b>        |                     |                |
|---|-----------------------------|---------------------|----------------|
|   | <b>Number of<br/>shares</b> | <b>Amount in \$</b> | <b>Reserve</b> |
| Capital stock of Raffles as at December 31, 2019  | 100,000                     | 96,700              | -              |
| Acquisition of shares of Raffles by RFGL pursuant to the reverse take-over (Note 3 (c)) | (100,000)                   | -                   | -              |
| Share capital of RFGL as at December 31, 2019   | 962,407                     | 5,114,870           | 536,627        |
| RFGL Financing (Note 3(a))  | 87,593                      | 465,000             | -              |
| Elimination of equity of RFGL pursuant to the reverse take-over (Note 3(c))             | -                           | (5,579,870)         | (536,627)      |
| Shares issued in relation to reverse take-over (Note 1(c) and 3(c))                     | 45,000,000                  | 5,250,000           | -              |
| Concurrent Financing, net (Note 3(d))   | 4,000,000                   | 18,600,000          | -              |
| Financing fees (Note 3(e))  | 30,000                      | 150,000             | -              |
| <b>Balance, December 31, 2019</b>   | <b>50,080,000</b>           | <b>24,096,700</b>   | <b>-</b>       |

**Share Purchase Warrants**

As at December 31, 2019, the following share purchase warrants were outstanding:

| <b>Number of<br/>Warrants</b> | <b>Weighted Average<br/>Exercise Price</b> | <b>Expiry Date</b> |
|-------------------------------|--|--------------------|
| 43,387*                       | \$ 10.12                                   | July 3, 2020       |
| 20,626*                       | \$ 10.12                                   | November 27, 2020  |
| 8,074*                        | \$ 10.12                                   | December 19, 2020  |
| <b>72,097</b>                 |  |                    |

\*RFGL replacement warrants will be adjusted to an exercise price of \$10.12.

**Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)**

## Notes to the Pro-Forma Consolidated Financial Statements

Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

**5 TRANSLATION OF RAFFLES**

The financial statements of Raffles are reported in Singapore dollars. Below is a schedule that translates the statements of Raffles as at December 31, 2019 into Canadian dollars. The financial statements were translated from Singapore to Canadian dollars at the December 31, 2019 exchange rate of 0.967.

## (b) Raffles Statement of Financial Position:

|                                  | <b>Unaudited<br/>As at December 31,<br/>2019 (SGD)</b> | <b>Unaudited<br/>As at December 31,<br/>2019 (CAD )</b> |
|----------------------------------|--|---|
| <b>ASSETS</b>                    |  |   |
| <b>Current assets</b>            |  |   |
| Bank balances                    | 131,363  | 127,028   |
| Trade and other receivables      | 7,278,334  | 7,038,149   |
|                                  | 7,409,697  | 7,165,177   |
| <b>Total assets</b>              | <b>7,409,697</b>                                       | <b>7,165,177</b>  |
| <b>LIABILITIES</b>               |  |   |
| <b>Current liabilities</b>       |  |   |
| Other payables                   | 30,000   | 29,010  |
| Current income tax liabilities   | 1,755,386  | 1,697,459   |
|                                  | 1,785,386  | 1,726,469   |
| <b>Non-current liabilities</b>   |  |   |
| Deferred income tax liabilities  | 988,339  | 955,723   |
| <b>Total liabilities</b>         | <b>2,773,725</b>                                       | <b>2,682,192</b>  |
| <b>NET ASSETS</b>                | <b>4,635,972</b>                                       | <b>4,482,985</b>  |
| <b>EQUITY</b>                    |  |   |
| Share capital                    | 100,000  | 96,700  |
| Cumulative translation allowance | -  | 19,672  |
| Retained earnings                | 4,535,972  | 4,366,613   |
| <b>TOTAL EQUITY</b>              | <b>4,635,972</b>                                       | <b>4,482,985</b>  |

**Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)**

## Notes to the Pro-Forma Consolidated Financial Statements

Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

**5 TRANSLATION OF RAFFLES (continued)**

(c) Annualized Raffles statement of income and comprehensive income for the 12 months ended December 31, 2019:

|   | 3 months<br>ended              | 3 months<br>ended               | 3 months<br>ended       | 3 months<br>ended        | 12 months<br>ended          | Translated to<br>CAD        |
|---|--------------------------------|---------------------------------|-------------------------|--------------------------|-----------------------------|-----------------------------|
|   | (A)                            | (B)                             | (C)                     | (D)                      | (A)+(B)+(C)+(D)             |                             |
|   | December<br>31,<br>2019<br>SGD | September<br>30,<br>2019<br>SGD | June 30,<br>2019<br>SGD | March 31,<br>2019<br>SGD | December 31,<br>2019<br>SGD | December 31,<br>2019<br>CAD |
| <b>Revenue</b>  | 1,500,003                      | 3,966,669                       | 3,933,334               | 7,600,000                | 17,000,006                  | <b>16,589,032</b>           |
| Other income  | -                              | 849                             | 770,316                 | -                        | 771,165                     | <b>752,522</b>              |
| Cost of services  | -                              | -                               | -                       | -                        | -                           | -                           |
| Travelling and accommodation                                | 6,614                          | 10,004                          | 35,509                  | 8,881                    | 61,008                      | <b>59,533</b>               |
| Other expenses  | 29,511                         | 90,923                          | 151                     | 3,478                    | 124,063                     | <b>121,064</b>              |
| Rental on operating lease                                   | 8,333                          | 25,144                          | 16,810                  | 16,810                   | 67,097                      | <b>65,475</b>               |
| Office expenses   | 17,196                         | 619                             | 363                     | -                        | 18,178                      | <b>17,739</b>               |
| Contract for services                                       | 181,500                        | 184,590                         | 175,500                 | 175,500                  | 717,090                     | <b>699,754</b>              |
| Professional fee  | 138,471                        | 15,887                          | 15,000                  | -                        | 169,358                     | <b>165,264</b>              |
| <b>Administrative expenses</b>                              | <b>381,625</b>                 | <b>327,167</b>                  | <b>243,333</b>          | <b>204,669</b>           | <b>1,156,794</b>            | <b>1,128,829</b>            |
| <b>Profit before income tax</b>                             | <b>1,118,378</b>               | <b>3,640,351</b>                | <b>4,460,317</b>        | <b>7,395,331</b>         | <b>16,614,377</b>           | <b>16,212,725</b>           |
| Income tax expenses   | 783,058                        | -                               | 1,960,667               | -                        | 2,743,725                   | <b>2,677,395</b>            |
| <b>Total income and comprehensive income for the period</b> | <b>335,320</b>                 | <b>3,640,351</b>                | <b>2,499,650</b>        | <b>7,395,331</b>         | <b>13,870,652</b>           | <b>13,535,330</b>           |